



CHAPTER II REGISTRATION

COMPLIANCE POLICY AND PROCEDURES MANUAL

NOTICE:

**CONTENT OF THIS CHAPTER IS
CURRENTLY UNDER REVISION.**

**PLEASE CHECK THIS FILE
PERIODICALLY FOR UPDATES.**



Sales and Use Tax Department
California State Board of Equalization
January 1996

CHAPTER II — CROSS REFERENCE TABLE

OLD SEC. NO.	NEW SEC. NO.	DESCRIPTION
201.000	200.000 ---	GENERAL STATEMENT ON REGISTRATION
201.010	200.010 ---	Registration Defined
201.020	200.020 ---	How To Use This Chapter
NEW	200.030 ---	Client Taxpayer System
205.000	205.000 ---	APPLICATIONS FOR PERMIT OR LICENSE
205.010	205.010 ---	Purpose Of Applications
205.020	205.020 ---	Applications For Permit Or License — Who Must File
205.025	205.025 ---	Issuing Permits Before Start Of Business
205.030	205.030 ---	Applications By Mail/Express Registration
205.040	205.040 ---	Instructions To Applicants
205.050	205.050 ---	Decision Tables For Sales And Use Tax Permit Issuance
205.060	DELETED ---	Decision Table Motor Vehicle Fuel...
205.070	DELETED ---	Decision Table Alternate Fuels...
205.080	DELETED ---	Decision Table Diesel Fuel...
210.000	210.000 ---	SALES TAX PERMITS
210.010	210.010 ---	Seller's Permit
210.020	210.020 ---	Permit Of Deceased Taxpayer — Liquidation Sale
210.030	210.030 ---	Permit Of Deceased Taxpayer — Partnership
210.040	210.040 ---	Municipal Purchasing Corporations
211.000	215.00 ---	USE TAX REGISTRATION
211.010	215.010 ---	Which Use Tax Program
211.020	215.020 ---	Consumer Use Tax Permit — When Issued
211.030	215.030 ---	Consumers Located In Special Taxing Jurisdictions
211.040	215.040 ---	Certificate Of Registration, Use Tax — When Issued
211.050	215.050 ---	Certificate Of Registration, Transit District Use Tax
213.000	DELETED ---	USER USE FUEL TAX LAW
214.000	DELETED ---	VENDOR/WHOLESALE USE FUEL TAX LAW
215.000	285.000 ---	PRE — COLLECTION OF SALES TAX ON GASOLINE
215.005	285.005 ---	What Is The "SG" Program
215.010	285.010 ---	Similarities With The Motor Vehicle Fuel Tax Program
215.020	285.020 ---	Due Dates For Pre-Collection Returns
215.030	285.030 ---	Application Procedures
215.000	DELETED ---	PRE-COLLECTION OF SALES TAX ON USE FUELS
216.000	290.000 ---	SPECIAL TAXES PROGRAMS
216.005	290.005 ---	Special Taxes Division Overview
216.010	290.010 ---	Applications Procedures
217.000	290.000 ---	FLOOR TAX PROGRAMS
217.005	290.020 ---	What Is A "Floor Tax"
217.010	290.030 ---	Method Of Determining Which Accounts Are Subject To Floor Tax
217.020	290.040 ---	Floor Taxes Imposed By Prop 108 And 111
217.030	290.050 ---	Delinquency Controls For Floor Stock Program
218.000	220.000 ---	EXPRESS REGISTRATION PROGRAMS
218.005	220.005 ---	What Is Express Registration
218.010	220.010 ---	Field Procedures
218.020	220.020 ---	Index Of Forms And Packages Used In Express Registration

CHAPTER II — CROSS REFERENCE TABLE (CONT.)

220.000 205.000 --- APPLICATION FORMS USED IN REGISTRATION PROCESS

220.010 205.060 ---- BT-400-MIP And MCO, Application For Seller's Permit
220.020 205.070 ---- BT-400-CS, Schedule Of Branches For Consolidated Account
220.030 205.080 ---- BT-400-MT, Application For Temporary Seller's Permit
220.040 205.090 ---- BT-400-C, Application for Fuel Exemption Registration Number
220.050 205.100 ---- BT-400-MCU, Application For Consumer Use Tax Account
220.060 205.110 ---- BT-400-MCR, Application For Certificate Of Registration — Use Tax

220.080 – .220 DELETED ---- Fuel, Excise and Special Taxes Applications

225.000 225.000 --- ORIGINAL APPLICATIONS

225.001 225.005 ---- General Instructions
225.005 225.010 ---- Business Taxes Applications Covered In This Chapter
225.020 225.020 – .040 ---- Application For Seller's Permit (Individual/Partners)
225.030 225.045 ---- Application For Seller's Permit (Corporations/Organizations)
225.040 225.050 – .065 ---- Application For Certificate Of Registration — Use Tax
225.050 225.070 ---- Application For Consumer Use Tax Account
225.060 – .086 DELETED ---- Use Fuel Applications
NEW 225.075 ---- Creating A District Office File Folder
225.090 225.090 ---- Application For Temporary Seller's Permit

228.000 230.000 --- CODING GRID ENTRIES

228.005 230.005 ---- Overview
228.010 230.010 ---- Basis Codes
228.020 230.020 ---- Business Code
228.030 230.030 ---- Area Code
228.040 230.040 ---- Owner Code
228.050 230.050 ---- Original Starting Date
228.060 230.060 ---- Account Analysis
228.070 DELETED ---- HQ Use Only
228.080 230.080 ---- Exception Code: Accountant's Mailing Code
228.081 230.081 ---- Exception Code: Returns Mailed To Foreign Country
228.082 230.082 ---- Exception Code: Multiple Exceptions
228.085 230.085 ---- Special Return Processing Code
228.086 DELETED ---- Reporting Basis — Related Grid Entries And Actions, Decision Table
228.090 230.090 ---- Extension Code: Permanent Extension Of Time Granted To Certain Political Subdivisions
228.091 230.091 ---- Extension Code: Coding Tax Returns For Return Analysis
228.100 DELETED ---- Exhibit A, B, C And D

229.000 235.000 --- REPORTING BASIS

229.010 235.010 ---- Sales Tax Prepayments
229.015 235.015 ---- Late Application For Seller's Permit By Prepayment Qualified Account
229.020 DELETED ---- Use Fuel — Users
229.025 235.025 ---- Reporting Basis Guidelines
229.035 DELETED ---- Fuel Tax Programs
229.040 DELETED ---- Fuel Tax Programs
229.045 DELETED ---- Excise Tax Programs
229.050 – .053 DELETED ---- Excise and Hazardous Waste Tax Programs

CHAPTER II — CROSS REFERENCE TABLE (CONT.)

229.060	DELETED ----	Fuel Tax Programs
229.065	235.065 ----	Regular Reporting Basis
229.070	235.070 ----	Special Reporting Basis
229.105 – .120	DELETED ----	Fuel Tax Programs
230.000	240.000 ---	DIFFERENT CLASSES OF SALES TAX ACCOUNTS
230.005	240.005 ----	Overview
230.010	240.010 ----	Single Outlet Accounts
230.020	240.020 ----	Regular Sellers
230.030	240.030 ----	Classified Sellers
230.035	240.035 ----	Decision Table — Classified Sellers, Special Sellers
230.040	240.040 ----	Special Sellers
230.050	240.050 ----	Temporary Sellers
232.000	245.000 ---	CONSOLIDATED ACCOUNTS
232.005	245.005 ----	Consolidated Accounts Defined
232.010	245.010 ----	Master Location Defined
232.011	245.015 ----	Sublocation Defined
232.012	245.020 ----	Persons To Whom Issued
232.015	245.025 ----	Consolidated Accounts In A Single Taxing Jurisdiction
232.020	245.030 ----	Regular Consolidated Accounts Requiring Further Local Tax Allocation
232.025	245.035 ----	Consolidated Accounts — Special Sellers
232.027	245.040 ----	Consolidated Accounts — Itinerant Vendors
232.030	245.045 ----	Applications — Consolidated Accounts
232.032	245.050 ----	BT-400-CS, Schedule Of Branches For Consolidated Account
232.035	245.055 ----	BT-400-CB, Schedule Of Subpermits
232.045	245.060 ----	Application For Temporary Consolidated Account
232.050	245.065 ----	Subpermits For Gasoline Stations Operated Temporarily By Oil Companies
232.055	245.070 ----	Retailers Of Gasoline Qualifying As Retailers Under Section 6015
232.060	245.075 ----	Decision Table, Consolidated Accounts
236.000	250.000 ---	TEMPORARY SELLERS
236.005	250.005 ----	Overview
236.006	250.006 ----	Temporary Sellers: Books And Records Out-Of-State
236.010	250.010 ----	Temporary Sellers: On-Line Registration
236.020	250.020 ----	Temporary Seller's Permit – In Excess Of 30 Days
237.000	215.000 ---	CONSUMER USE TAX ACCOUNTS
237.010	215.060 ----	Consumer Use Tax Accounts – Local Tax Allocation
237.020	215.070 ----	Special Taxing Jurisdiction Use Taxes
238.000	215.000 ---	CERT. OF REGISTRATION – USE TAX, PRESENCE IN CALIF.
238.010	215.080 ----	Representatives, Agents, etc.
238.020	215.090 ----	California Locations
240.000	DELETED ---	USER USE FUEL TAX QUALIFIED USERS
240.005	DELETED ----	Use Fuel Tax Programs

CHAPTER II — CROSS REFERENCE TABLE (CONT.)

241.000 255.000 --- REGULAR SELLERS

241.005	255.005 ----	Overview
241.010	255.010 ----	Concessionaires
241.020	255.020 ----	Salespersons, Order Takers
241.030	255.030 ----	Hobbyists And Part-Time Sellers
241.035	255.035 ----	Barber, Beauty Shops And Service Businesses
241.045	255.045 ----	Swap Meets, Flea Markets And Special Events
241.050	255.050 ----	Charitable Organizations
241.051	255.051 ----	Tax Exemption For Nonprofit Organization Distributing Clothing Without Charge
241.052	255.052 ----	Exempt Youth Organizations
241.055	255.055 ----	Sales Of Food Products By Blind Operators Licensed By The Department Of Rehabilitation
241.060	255.060 ----	Temporary Retail Liquor License

242.000 260.000 --- CLASSIFIED SELLERS

242.005	260.005 ----	Overview
242.010	260.010 ----	Itinerant Vendors (Traveling Permits)
242.020	260.020 ----	Contractors

243.000 265.000 --- SPECIAL SELLERS

243.005	265.005 ----	Overview
243.010	265.010 ----	Persons Qualifying As Retailers Under Section 6015
243.020	265.020 ----	Recession Of Board's Approval To Operate Under Section 6015
243.021	265.025 ----	Coding For Retailers Under Section 6015
243.030	265.030 ----	Auctioneers
243.040	265.040 ----	Vending Machine Operators
243.050	265.050 ----	Sellers Purchasing Ex-Tax For Use At Locations Not Requiring A Permit
Exhibit A	265.060 ----	6015 Decision Table

250.000 270.000 --- SALES TAX ACCOUNTS WITH RECORDS OUT OF STATE

250.010	270.010 ----	General
250.020	270.020 ----	District Report On Out-of-State Accounts
250.030	270.030 ----	Purpose Of The District Report On Out-of-State Accounts
250.040	270.040 ----	Use Of The District Report On Out-of-State Accounts By OH
250.060	270.060 ----	Single Outlet Out-of-State Accounts – Decision Table
250.070	270.070 ----	Consolidated Out-of-State Accounts — Decision Table
250.080	270.080 ----	Fringe Area Accounts
250.100	DELETED ----	Map Of Fringe Areas And Offices Of Responsibility
250.120	DELETED ----	Arizona Fringe Area Towns, Office And Zip Codes
250.130	DELETED ----	Nevada Fringe Area Towns, Office And Zip Codes
250.140	DELETED ----	Oregon Fringe Area Towns, Office And Zip Codes
250.150	DELETED ----	Mexico Fringe Area Towns

255.000 275.000 --- PERMITS AND LICENSES, BT-442

255.010	275.010 ----	Issuance Of Form BT-442
255.020	275.020 ----	List Of Permits Issued — Form BT-442
255.035	275.035 ----	Control Of Unissued Permits And Licenses
255.040	275.040 ----	Reissuance Or Replacement Of Permits And Licenses
255.050	275.050 ----	Preparation Of Permits, Licenses And Certificates In General

CHAPTER II — CROSS REFERENCE TABLE (CONT.)

256.000 275.000 --- OTHER FORMS USED IN THE REGISTRATION PROCESS

256.010 DELETED ---- BT-403-S, Registration And Credit Information — Sales Tax Permit
256.020 DELETED ---- Fuel Tax Programs
256.025 DELETED ---- BT-921, Registration And Credit Information
256.030 275.060 ---- Disclosure Of Social Security Numbers
256.035 275.070 ---- BT-968, Informational Form; GA-324-A, Privacy Notice

260.000 280.000 --- MEXICAN MERCHANTS

260.010 280.010 ---- General
260.020 280.020 ---- Mexican Purchasers
260.030 280.030 ---- Sales To Mexican Retailers And Consumers — Decision Table

270.000 295.000 --- MISCELLANEOUS

270.010 DELETED ---- Incomplete Applications
270.020 295.020 ---- Application Of Permits Taken For Other Districts
270.030 295.030 ---- Delivery Of Permit Or License To Applicant
270.040 295.040 ---- Seller's Permits To Make Ex-Tax Purchases
270.050 295.050 ---- Occasional Sales
270.070 DELETED ---- Excise Tax Programs
270.080 295.080 ---- Consumer Use Tax — Temporary Accounts
270.090 295.090 ---- Arbitrary Account Numbers
270.091 295.091 ---- Issuance Of Arbitrary Numbers
270.095 295.095 ---- Consumer Use Tax Account Numbers
270.100 DELETED ---- Fuel Tax Programs
270.110 DELETED ---- Fuel Tax Programs
270.120 295.120 ---- Pending Applications
270.130 DELETED ---- Fuel Tax Programs
270.135 295.135 ---- Registration And Account Maintenance Form For Arbitrary
Accounts

Table of Contents

GENERAL STATEMENT ON REGISTRATION	200.000
Registration Defined	200.010
How To Use This Chapter	200.020
Client Taxpayer System (CTS)	200.030
Client Taxpayer System Overview	
Client Defined	
Taxpayer Defined	
Registering a Client/Taxpayer	
APPLICATIONS FOR PERMIT OR LICENSE	205.000
Purpose of Applications	205.010
Applications for Permit or License — Who Must File	205.020
Issuing Permits Before Start of Business	205.025
Applications by Mail/Express Registration	205.030
Instructions To Applicants	205.040
Decision Table For Sales and Use Tax Permit Issuance	205.050
BT-400-MIP and MCO, Application for Seller's Permit	205.060
BT-400-CS, Schedule of Branches For Consolidated Account	205.070
BT-400-MT, Application For Temporary Seller's Permit	205.080
BT-400-C, Application For Fuel Exemption Registration Number	205.090
BT-400-MCU, Application For Consumer Use Tax Account	205.100
BT-400-MCR, Application For Certificate of Registration — Use Tax	205.110
SALES TAX PERMITS	210.000
Seller's Permit	210.010
Permit of Deceased Taxpayer — Liquidation Sale	210.020
Permit of Deceased Taxpayer — Partnership	210.030
Municipal Purchasing Corporations	210.040
USE TAX REGISTRATION	215.000
Which Use Tax Program?	215.010
Consumer Use Tax Permit — When Issued	215.020
Consumers Located In Special Taxing Jurisdictions	215.030
Certificate of Registration, Use Tax — When Issued	215.040
Certificate of Registration, Transit District Use Tax	215.050
Consumer Use Tax Accounts — Local Tax Allocation	215.060
Special Taxing Jurisdiction Use Taxes	215.070
One-Time Transactions	
Undetermined Duration Or Long-Term Involvement	
Certificate of Registration — Representatives, Agents, Etc.	215.080
Certificate of Registration — California Locations	215.090

**COMPLIANCE POLICY AND PROCEDURES MANUAL
TABLE OF CONTENTS (CONT.)**

EXPRESS REGISTRATION PROGRAMS	220.000
What Is "Express Registration"	220.005
Field Procedures	220.010
Availability To The Public	
Follow-Up Of Packets Issued	
Packets Received From Taxpayers	
Processing Applications	
Index of Forms and Packages Used In Express Registration	220.020
BT-400-REQ, Mail Registration Request	
BT-400-LOG, Mail — Registration Log — Month/Year	
BT-400-POSTER	
BT-1009, Notification of Conditional Security Requirement	
BT-400-MIP, Seller's Permit for Individuals and Partners	
BT-400-MCO, Seller's Permit for Corporation and Organizations	
BT-400-MT, Application for Temporary Seller's Permit	
BT-400-MCU, Application for Consumer Use Tax Account	
BT-400-MCR, Application for Certificate of Registration — Use Tax	
BT-400-RJ, Rejection of Application Letter	
Welcome Letter, Acceptance of Application Letter	
ORIGINAL APPLICATIONS	225.000
General Instructions	225.005
Applications	225.010
Application For Seller's Permit (Individuals/Partners)	
Section I: Ownership Information	225.020
1. Please check type of ownership.	
2. Full Name (first, middle, last)	
Individuals and General Partnerships	
Cooperatives, Cooperative Associations	
Municipal Purchasing Corporations (MPC), Municipal Improvement Corporations (MIC)	
Fiduciaries, Trustees, Receivers	
Limited Partnerships	
3. Address (residence)	
4. Telephone (residence)	
5. Social Security Number	
6. Drivers License Number/Date of Birth	
7. Present/Past Employer	
8. Name of Spouse	
9. Social Security Number	
10. Driver License Number	
11. Personal References	
12. Signature	
Application For Seller's Permit (Individuals/Partners)	
Section II: Business Information	225.025
Application For Seller's Permit (Individuals/Partners)	
Section III: Income and Expenses	225.030
Application For Seller's Permit (Individuals/Partners)	
Section IV: Certification	225.035
Application For Seller's Permit (Individuals/Partners)	
For Board Use Only (Back)	225.040

**REGISTRATION
TABLE OF CONTENTS (CONT.)**

Application For Seller's Permit (Corporation/Organizations)	
Section I: Ownership Information	225.045
Section II: Business Information	
Section III: Income and Expenses	
Section IV: Certification	
For Board Use Only(Back)	
Application For Certificate of Registration — Use Tax	
Section I: Ownership Information	225.050
Section II: Business Information	
Application For Certificate of Registration — Use Tax	
Section III: Out-of-State Records Information	225.055
Application For Certificate of Registration — Use Tax	
Section IV: California Records Information	225.060
Application For Certificate of Registration — Use Tax	
Section V: Certification	225.065
Application For Consumer Use Tax Account (Tax programs: SU, SV)	
Section I: Ownership Information	225.070
Section II: Business Information	
Section III: Certification	
For Board Use Only (Back)	
Creating a District Office File Folder	225.075
General	
Revocations	
Close-Outs	
Security	
Escrows	
Legal Status Accounts	
Collection Status Accounts	
Audits and Determinations	
Miscellaneous	
Comments Screen	
Applications For Temporary Seller's Permit (Tax program: ST)	225.090
Section I: Ownership Information	
Section II: Business Information	
Section III: Certification	
For Board Use Only	
CODING GRID ENTRIES	230.000
Overview	230.005
Tax Program	230.007
Basis Codes	230.010
Business Code	230.020
Tax Area Code	230.030
City and County Codes	
Add-On Code	
In-Lieu Code	
Consolidated Accounts	
Owner Code	230.040
Original Starting Date	230.050
Limited Liability Companies	230.055
General	
Completing The Application	
Account Maintenance Issues	
Security	

COMPLIANCE POLICY AND PROCEDURES MANUAL

TABLE OF CONTENTS (CONT.)

Account Analysis Code	230.060
Exception Code: Accountants' Mailing Code	230.080
General	
Issuance of Accountant's Code	
Accountant Closes Practice	
Accountant Change of Ownership	
Mail Distribution	
Exception Code: Returns Mailed To Foreign Country (Unisys Only)	230.081
Exception Code: Multiple Exceptions (Unisys Only)	230.082
Special Return Processing Code (Unisys Only)	230.085
Extension Code: Permanent Extension Of Time Granted	
To Certain Political Subdivisions	230.090
Extension Code: Coding Tax Returns For Return Analysis	230.091
BRP (Basis Review Protect Codes)	230.095
Basis Review Protect Codes and Descriptions	
Assigning Codes	
Annual List of Accounts with BRP Codes	
REPORTING BASIS	235.000
Sales Tax Prepayments	235.010
Criteria	
Changing From Prepayment Reporting Basis	
Late Application For a Seller's Permit By an Account	
Which Qualifies For Prepayment	235.015
Reporting Basis Guidelines	235.025
Regular Reporting Basis	235.065
Special Reporting Basis	235.070
DIFFERENT CLASSES OF SALES TAX ACCOUNTS	240.000
Overview	240.005
Single-Outlet Accounts	240.010
Regular Sellers	240.020
Classified Sellers	240.030
Decision Table — Special Sellers, Classified Sellers	240.035
Special Sellers	240.040
Temporary Sellers	240.050
CONSOLIDATED ACCOUNTS — REGISTRATION	245.000
Consolidated Accounts Defined	245.005
Master Location Defined	245.010
"XX" Consolidated Accounts	
Sublocation Defined	245.015
Persons To Whom Issued	245.020
Consolidated Accounts In a Single Taxing Jurisdiction	245.025
Regular Consolidated Accounts Requiring Local Tax Allocation	245.030
Consolidated Accounts — Special Sellers	245.035
Consolidated Accounts — Itinerant Vendors	245.040
Applications — Consolidated Accounts	245.045
BT-400-CS, Schedule of Branches For Consolidated Account	245.050
Start Date	
Exact Location Verification	
Not All Selling Locations In California	
Fiscal Impact Of Errors	

REGISTRATION
TABLE OF CONTENTS (CONT.)

Application For Temporary Consolidated Account	245.060
Permits For Gasoline Stations Operated Temporarily By Oil Companies	245.065
Retailers Of Gasoline Qualifying As Retailers Under Section 6015	245.070
Consolidated Accounts — Decision Table	245.075
TEMPORARY SELLERS	250.000
Overview	250.005
Temporary Sellers: Books and Records Out-of-State	250.006
Temporary Sellers — On-Line Registration	250.010
Temporary Seller's Permits — In Excess of 30 Days	250.020
REGULAR SELLERS	255.000
Overview	255.005
Concessionaires	255.010
Salespersons, Order Takers	255.020
Hobbyists and Part-Time Sellers	255.030
Barber, Beauty Shops and Service Business	255.035
Swap Meets, Flea Markets and Special Events	255.045
Charitable Organizations	255.050
Tax Exemption For Nonprofit Organizations Distributing New Children's Clothing Without Charge	255.051
Exempt Youth Organizations	255.052
Sales of Food Products By Blind Operators Licensed By the Department of Rehabilitation	255.055
Temporary Retail Liquor License	255.060
CLASSIFIED SELLERS	260.000
Overview	260.005
Itinerant Vendors (Traveling Permits)	260.010
Coding Itinerant Vendors	
Mailing and Business Address	
BT-291, Information on Sales Made From Temporary or Traveling Location	
BT-291, Information on Sales Made From Temporary or Traveling Location (continued)	
Contractors	260.020
SPECIAL SELLERS	265.000
Overview	265.005
Persons Qualifying as Retailers Under Section 6015	265.010
Rescission of Board's Approval To Operate Under Section 6015	265.020
Coding For Retailers Under Section 6015	265.025
Transaction Taxes	
Auctioneers	265.030
Vending Machine Operators	265.040
Considered Consumers	
Considered Sellers	
Tax Included Sales	
Coding	
Retailers Engaged In Interstate Commerce	265.045
Sellers Purchasing Ex-Tax For Use At Locations Not Requiring a Permit	265.050
Vehicle Lessors	265.055
Certain Vehicle Lessors Effective January 1, 1996	
Vehicle Lessor Identification Field (TAR on-line registration)	
Tax Program Code for Vehicle Lessors	
Exhibit A, Section 6015 Decision Table	265.060

COMPLIANCE POLICY AND PROCEDURES MANUAL

TABLE OF CONTENTS (CONT.)

SALES TAX ACCOUNTS WITH RECORDS OUT OF STATE	270.000
General	270.010
District Report On Out-of-State Account	270.020
Purpose of the District Report On Out-of-State Accounts	270.030
Use of the District Report On Out-of-State Accounts	
By the Out-of-State District	270.040
Single Outlet Out-of-State Accounts	270.060
Sales and Use Tax Single Outlet Account	
Consolidated Out-of-State Accounts	270.070
Fringe Area Accounts	270.080
PERMITS AND LICENSES — FORMS BT-442	275.000
Issuance of Forms BT-442	275.010
List of Permits Issued — Forms BT-442	275.020
Control of Unissued Permits and Licenses	275.035
Procedure To Be Used Only In Case Of On-Line Failure	
Reissuance or Replacement of Permits and Licenses	275.040
Preparation of Permits, License and Certificates in General	275.050
First Entry — Account Number	
Second Entry — (when necessary) — Business Address if Different from Mailing Address	
Third Entry — Owner Name	
Fourth Entry — Mailing Address (or business and mailing address when identical)	
Disclosure of Social Security Numbers	275.060
GA-324-A, Privacy Notice; BT-968, Informational Form	275.070
BT-442-R-LZ Sample	275.080
MEXICAN MERCHANTS AND EXPORTERS	280.000
General	280.010
Mexican Purchasers	280.020
Sales To Mexican Retailers and Consumers — Decision Table	280.030
Sales Tax	
PRE-COLLECTION OF SALES TAX ON GASOLINE	285.000
What Is the “SG” Program?	285.005
Similarities With the Motor Vehicle Fuel Tax Program	285.010
Due Dates For Pre-Collection Returns	285.020
Application Procedures	285.030
SPECIAL TAXES AND FLOOR TAX PROGRAMS	290.000
Special Taxes Department Overview	290.005
ENVIRONMENTAL FEES DIVISION	
EXCISE TAXES DIVISION	
FUEL TAXES DIVISION	
Application Procedures	290.010
FLOOR TAXES	292.000
What is A “Floor Tax?”	292.005
Method of Determining Which Accounts Are Subject To Floor Tax	292.010
Floor Taxes Imposed By Proposition 111	292.020
Delinquency Controls For Floor Stock Program	292.030

**REGISTRATION
TABLE OF CONTENTS (CONT.)**

MISCELLANEOUS	295.000
Applications For Permits Taken For Other Districts	295.020
Delivery of Permit or License To Applicant	295.030
Seller's Permits To Make Ex-Tax Purchases	295.040
Occasional Sales	295.050
Consumer Use Tax — Temporary Accounts	295.080
Arbitrary Account Numbers	295.090
Procedure To Issue Arbitrary Account Numbers	295.091
Control of Arbitrary Account Numbers	
Guidelines For Issuance of Arbitrary Account Numbers	
Input To the On-Line Reg. Screen	
Consumer Use Tax Account Numbers	295.095
Pending Applications	295.120
Registration and Account Maintenance Form For Arbitrary Accounts	295.135

REGISTRATION

CHAPTER II

GENERAL STATEMENT ON REGISTRATION

200.000

REGISTRATION DEFINED

200.010

Registration is defined as those functions related to the on-line input of data from an application form and related documents which result in the establishment of a new client taxpayer identification number and/or taxable activity account under any tax program administered by the Board of Equalization. This manual provides taxable activity registration policy and procedure for sales and use tax permits only.

“Registration” does not include:

- Reinstatements after revocation
- Reinstatements after close-out
- Changes of address
- Conversion of an account from one tax program to another
- Miscellaneous changes to an existing account record

These functions are covered in depth in Chapter III, Account Maintenance.

HOW TO USE THIS CHAPTER

200.020

Permits and licenses for various Sales and Use Tax programs have certain similarities. Each type of tax program is addressed separately within this chapter.

For sales and use tax programs, a decision table is found in Section [205.050](#) to assist you in determining which specific sales or use tax program should be established for the taxpayer’s business.

Sections [210.000](#) through [220.000](#) provide general discussions of tax programs administered by the Board. Within each section, the first paragraph explains differences among tax programs which sometimes have confusing or similar names

Preparation of the registration forms are discussed line by line, starting at the top of each form, in Section [225.000](#).

CLIENT TAXPAYER SYSTEM (CTS)

200.030

Client Taxpayer System Overview

The Client Taxpayer System is an integrated database. Its purpose is to provide the capability of identifying all related accounts for a given client/taxpayer. This system, in connection with the other Integrated Revenue Information System (IRIS) subsystems, provides the Board of Equalization with a relational database.

CAUTION: To maintain the integrity of this database, additional care must be exercised by the users. **It is imperative that each client/taxpayer identified in this system is issued only one Client/Taxpayer Identification Number (TIN).** Through this TIN, the relationship of the client to any other client number or taxable activity can be established.

COMPLIANCE POLICY AND PROCEDURES MANUAL

CLIENT TAXPAYER SYSTEM (CTS)

(CONT.) 200.030

Client Defined

A client is any person who can be uniquely identified and for whom the Board needs to keep information, such as name and address, for the collection and administration of taxes. The Board may use this information in order to send correspondence, tax returns, notices, and billings.

A client will be identified by a type that describes the legal entity, such as:

CODE	TYPE DESCRIPTION	CODE	TYPE DESCRIPTION
I	Individual	P	Partnership or Co-ownership
M	Husband & Wife Co-ownership	L	Limited Partnership
V	Joint Venture	C	Corporation
Z	Limited Liability Company	O	Organization or Association
J	Jurisdiction (City/County)	F	Federal
G	Other Government (State / Municipality)	E	Estate
R	Receivership/Fiduciary	T	Trust

Taxpayer Defined

A taxpayer is a client who applies for a permit or is required to be registered for one or more tax programs administered by the State Board of Equalization. A taxing jurisdiction or governmental agency may also be a taxpayer if they meet these requirements. Statute and policy determine when a client is no longer considered a taxpayer.

Registering a Client/Taxpayer

The registration of a taxpayer for a taxable activity is a two step process.

The Client Taxpayer System database must be searched to determine if the taxpayer has an established TIN. If none is located, the taxpayer must first be registered as a client/taxpayer. Refer to the "Client Taxpayer System User's Guide" for detailed instructions.

The second step is the registration of the taxable activity. For on-line registration instructions of a taxable activity, refer to the "Taxable Activity Registration Chapters" of the CTS User's Guide.

Taxable Activity Registration policies and procedures for sales and use tax accounts, other than on-line instructions, are found in the succeeding sections of this chapter of the CPPM.

REGISTRATION

APPLICATIONS FOR PERMIT OR LICENSE 205.000

PURPOSE OF APPLICATIONS 205.010

Application forms for business taxes permits are designed to obtain necessary information to properly establish an account and to record information which may be used at a later date for efficient enforcement of the laws, rules and regulations pertaining to a particular applicant.

APPLICATIONS FOR PERMIT OR LICENSE — WHO MUST FILE 205.020

Revenue and taxation laws administered by the Board, with the exception of the Alcoholic Beverage Tax Law, require applications for permits or licenses be filed with the Board. Under the Alcoholic Beverage Tax Law, certain interstate transporters are required to make application to the Board; for all others, issuance of a license by the Department of Alcoholic Beverage Control (ABC) constitutes registration. ABC furnishes a copy of the license to the Board of Equalization Special Taxes Department.

ISSUING PERMITS BEFORE START OF BUSINESS 205.025

Taxpayers occasionally apply for a permit far in advance of the start of business. The two most common examples are fireworks stands and Christmas tree lots where a seller must provide vendors with a resale certificate months prior to the actual date sales begin. Another common example would be “special events” where the event operator requires sign-ups, scheduling and permit numbers months in advance.

In these and similar situations, Board policy will be to issue a permit up to nine (9) months in advance of sales.

Caution!

- 1) If a taxpayer is issued a temporary account (tax program “ST”), information contained on the application must be accurate, since there are limited changes that can be made via the On-line Registration System.
- 2) If the account is not a temporary (in other words, not tax program “ST”), any account maintenance performed must show an effective date on or after the start date.

APPLICATIONS BY MAIL/EXPRESS REGISTRATION 205.030

The Board of Equalization has instituted both mail-in and telephone registration programs which are designed to improve service to taxpayers, reduce walk-in traffic in field offices and automate suspense and follow-ups.

Field offices have been provided with personal computer programs which assist in processing applications by mail and/or telephone. When a taxpayer telephones and requests registration by mail, the persons responsible for registration by mail tasks, should obtain as much information as possible so they can send the required registration documents. See CPPM Section **220.020** for index of forms and packages used in express registration.

Applications mailed to taxpayers which have not been returned after a reasonable period of time will be followed-up by letters, or by phone calls.

If proper registration is still not effected, follow-up for compliance.

COMPLIANCE POLICY AND PROCEDURES MANUAL

INSTRUCTIONS TO APPLICANTS

205.040

| Applicants for any permit should be told that personal information they furnish will be held in confidence. Applicants also should be informed of basic law requirements pertaining to their business, including instruction in preparation of returns, filing requirements, due dates, tax rate(s), and special taxing jurisdiction information. Laws affecting transactions in which the taxpayer will be involved should be explained.

Taxpayers will be given regulations, pamphlets, or official publications relevant to his/her type of operation which would be helpful in accounting for and reporting proper tax liability.

The publications indicated below should be provided to the taxpayer at the time of application. Those publications which are furnished to the taxpayers should be so noted in the shaded area of each express registration application. The shaded area of each application follows the Certification Section.

- Pamphlet 73, Your California Seller's Permit
- BT-519, Misuse of Resale Certificates
- Regulation 1700
- Pamphlet 44, Special Taxing Jurisdictions
- Pamphlet 71, California City and County Sales and Use Tax Rates
- BT-467, Notice of Requirements in Sale of a Business (where application resulted from purchase of an existing business)
- Regulations (for specific type of business as shown in Business Taxes Code Book, Section 203.035)
- BT-968, Disclosure of Social Security Number
- GA-324-A, Privacy Notice (for individuals)
- BT-162, Personal Liability for Corporate Sales and Use Tax (for corporate applicants)
- BT-598, Notice of Security Requirements; or BT-1009, Notification of Conditional Security Requirements

New applicants for seller's permits will be given Pamphlet 73, "Your California Seller's Permit", in addition to the rulings, regulations and bulletins which are pertinent to the particular business.

Board representatives taking an application for a seller's permit should explain the contents of Pamphlet 73 in sufficient detail so he/she is reasonably certain the taxpayer understands its provisions.

| A brief notation will be made in the shaded area of the permit or license application of the regulations and bulletins furnished to the taxpayers.

REGISTRATION

DECISION TABLE FOR SALES AND USE TAX PERMIT ISSUANCE

205.050

The following decision table is used to help you determine which sales or use tax program is appropriate for the applicant's situation.

CONDITION	A	B	C	D	E
Taxpayer SELLS tangible personal property in California	Y	Y			
Taxpayer located in California, or has agents or stock of goods in California	Y				
Taxpayer has no in-state location, and has no sales personnel or order takers in - state.		Y			
Taxpayer makes no sales, but purchases tangible personal property to be used in Calif.			Y	Y	Y
AND taxpayer purchases from unregistered out-of-state sources			Y		
OR taxpayer located in special taxing jurisdiction purchasing from non-special taxing jurisdiction				Y	

ACTION	A	B	C	D	E
Issue SELLERS PERMIT (SR, SS, ST, SX, SY, SZ)	X				
Issue CERTIFICATE OF REGISTRATION - USE TAX (SC)		X			
Issue CERTIFICATE OF USE TAX PERMIT (SU)			X		
Issue CONSUMER USE TAX PERMIT (SV)				X	
NO PERMIT REQUIRED					X

BT-400-MIP AND MCO, APPLICATION FOR SELLER'S PERMIT

205.060

Forms BT-400-MIP and MCO are used to register an applicant who is, or is about to be, engaged in a business in this State involving the sale of tangible personal property. The MIP is used to register individuals and partnerships and the MCO is used to register corporations.

BT-400-CS, SCHEDULE OF BRANCHES FOR CONSOLIDATED ACCOUNT

205.070

Form BT-400-CS is used to establish sublocations for a consolidated sales and use tax account, or for a consumer use tax account.

Instructions for preparation of Form BT-400-CS are in Section **245.000**.

BT-400-MT, APPLICATION FOR TEMPORARY SELLER'S PERMIT

205.080

This form is used to register applicants when the selling operation is of a temporary nature. See CPPM Subsection **250.000** et. seq. for further information.

BT-400-C, APPLICATION FOR FUEL EXEMPTION REGISTRATION NUMBER

205.090

Form BT-400-C is used for common carriers who are not required to hold a seller's permit, and who purchase fuels exempt under Section 6357.5 or 6385.

The tax program is SJ and the rules to establish the office of control follow the Sales and Use Tax rules. This type of account may be issued via the on-line registration system.

COMPLIANCE POLICY AND PROCEDURES MANUAL

BT-400-MCU, APPLICATION FOR CONSUMER USE TAX ACCOUNT

205.100

Form BT-400-MCU is used to register applicants who regularly incur use tax liability through purchases of tangible personal property from either out of state or, if the purchaser is located within special taxing jurisdictions, from areas not imposing special taxing jurisdiction taxes.

BT-400-MCR, APPLICATION FOR CERTIFICATE OF REGISTRATION — USE TAX

205.110

Form BT-400-MCR is used to register applicants who do not maintain a place of business in this state for which a seller's permit is required, but who (voluntarily or by statute) collect the use tax on sales made to in-state purchasers, or for any applicants who maintain canvassers, solicitors, or sales personnel in this State with no fixed place of business.

This program also, allows taxpayers to collect special taxing jurisdiction taxes on a voluntary basis. Sellers may not wish to be responsible for collection of special taxing jurisdiction use taxes from purchasers in all jurisdictions.

California retailers, and out-of-state entities who have been issued a certificate to allow collection of special taxing jurisdiction use taxes, must complete Schedule "A" on Forms BT-401-x.

REGISTRATION

SALES TAX PERMITS

210.000

SELLER'S PERMIT

210.010

Every person desiring to engage in the business of selling tangible personal property, the gross receipts from the ultimate retail sale of which must be included in the measure of sales tax, must file an application for a seller's permit for each place of business in California. The applicant must furnish such security, in a form acceptable to the Board, as the Board deems necessary.

Persons from out of state who maintain a stock of goods in California from which orders are filled are considered "sellers" under California Sales and Use Tax laws, and are required to hold a Seller's Permit.

Under the Sales and Use Tax Law, "person" is defined as any individual, firm, partnership, joint venture, limited liability company, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, assignee for the benefit of creditors, trustee in bankruptcy, syndicate, the United States, this state, any county, city and county, municipality, district, or other political subdivision of the state, or any other group or combination acting as a unit. A cooperative association which is not incorporated is treated as a partnership with each member fully liable.

Any administrator, executor, trustee or any other person who operates a business as a fiduciary must file an application for a permit or license. These persons, although under the jurisdiction of the courts, must operate according to the laws of the State.

"Living Trust" is a legal entity set up by persons for estate planning purposes. A person may place his/her assets into a living trust, and upon his/her death, assets may be distributed more quickly to heirs, often bypassing probate entirely. A living trust must have a trustee. Living trusts may operate businesses, and should be treated as a corporation when processing applications. Offices should view copies of legal documents establishing a living trust if any doubt exists whether the trust has been properly formed.

Other types of trusts which are about to engage in business should establish to the Board's satisfaction that they are legally formed. "Legally formed" would include documentation from the Franchise Tax Board, Secretary of State, Superior Court, or other authorizing authority, or for living trusts, copies of documents establishing the legal trust. If any doubt exists a permit should not be issued until further investigation is made.

PERMIT OF DECEASED TAXPAYER — LIQUIDATION SALE

210.020

A liquidation sale of business assets and inventory belonging to a deceased taxpayer may be conducted with the deceased person's seller's permit. The close-out date of a permit may be extended to the date the last sale was made. If, however, new merchandise is purchased for resale and the business continues to operate, a new permit for the person operating the business is required.

PERMIT OF DECEASED TAXPAYER — PARTNERSHIP

210.030

Generally, when a business continues after death of a partner, the new permit will be in the name of the surviving partner(s). The estate of a deceased partner may be shown as a partner on a new permit only when approved by the court.

COMPLIANCE POLICY AND PROCEDURES MANUAL

MUNICIPAL PURCHASING CORPORATIONS

210.040

Municipal purchasing corporations or municipal improvement corporations (MIC) are occasionally encountered, usually set up to purchase for a local governmental entity. “Sales” are made by an MIC to the municipality, thus allowing local tax revenues to be returned to the municipality which incorporated the purchasing corporation in the first place.

Section 7205, Bradley–Burns Uniform Local Sales and Use Tax Law, provides for the purpose of a sales tax imposed by local tax ordinance, “all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered to an out-of-state destination...”. This rule is restated in Regulation 1802, “Place of Sale for Purposes of Bradley–Burns Uniform Local Sales and Use Taxes”, and Regulation 1822, “Place of Sale for Purposes of Transactions (Sales) and Use Taxes”.

Under the statutory mandated place of sale rule, it is the local jurisdiction where the retailer has his place of business which benefits from sales made by that retailer, whether the property is delivered within the jurisdiction or to a point outside the jurisdiction. Local government derives local tax on its own purchases of tangible personal property only if the purchase is made from a retailer within the local jurisdiction. While local governments purchase many items of tangible personal property from retailers located within their jurisdiction, many other purchases are made from retailers located in other California jurisdictions.

On May 4, 1988, the State Board of Equalization determined sales by MIC’s to their creating jurisdiction are not sales made by retailers within the meaning of the section.

These purchasing agencies are not making retail sales to their creating authority in the regular course of business. The purchasing agencies typically have no purpose other than to facilitate the governmental functions of their related local entity. They “sell” to no one other than their creating authority. Continuing to permit public purchasing agencies to qualify as retailers with respect to such transactions would undermine the legislatively adopted plan for distribution of local tax revenues. Accordingly, MIC’s should not hold seller’s permits as they are not making sales.

REGISTRATION

USE TAX REGISTRATION

215.000

WHICH USE TAX PROGRAM?

215.010

“Use tax” gets its name from the act of consuming, or “using”, merchandise not purchased for resale. The Board has three separate and distinct types of use tax programs:

- consumer use tax programs,
- certificate of registration — use tax programs, and
- certificate of registration — special taxing jurisdiction use tax programs.

Consumer use tax permits are issued to purchasers of merchandise, and any tax due is paid directly to the Board by the purchaser.

Certificate of registration use tax permits are issued to sellers or retailers of merchandise who are generally located out of state. Tax on the sale of merchandise to consumers is paid to the Board by the seller or retailer.

Certificate of registration — special taxing jurisdiction use tax permits are issued to sellers or retailers of merchandise who are located in California, and who wish to voluntarily collect special taxing jurisdiction taxes on sales to residents of those districts, even though the seller or retailer is not physically located within the special taxing jurisdiction. A seller who occasionally has special taxing jurisdictions taxes paid to him will report the tax on Schedule A of the Sales and Use Tax Return.

CONSUMER USE TAX PERMIT — WHEN ISSUED

215.020

Persons who regularly incur use tax liability, but who are not engaged in a business which requires them to hold a seller’s permit, may have an account established with the Board and regularly receive Consumer Use Tax returns.

Typical businesses which may hold Consumer Use Tax permits would include the following:

1. Persons who purchase merchandise for use in California from out-of-state sources; this may include but is not limited to the following:
 - a. Construction contractors;
 - b. Health professionals purchasing supplies from out of state;
 - c. Governmental agencies purchasing equipment from out-of-state.
2. Persons engaged in business in a special taxing jurisdiction and who purchase from California sources outside of the special taxing jurisdiction.

CONSUMERS LOCATED IN SPECIAL TAXING JURISDICTIONS

215.030

Special Taxing Jurisdictions, formerly known as Transit Districts and now referred to as Districts, are formed by commissions or authorities approved by a majority of voters in cities and counties throughout the state. Unless the principal act of the district provides for a different rate, the rate of the transactions (sales) and use tax is fixed at .25%, .50%, or .75% of 1% of the sales price of tangible personal property sold at retail in the district, or purchased outside the district for use in the district. The total tax rate of all “Transit” Districts in a county may not exceed 1.50%. Previously, the law only allowed the formation of Districts to subsidize mass transit. However, the law was changed to allow the Districts to impose the tax for other purposes.

Persons who reside in special taxing jurisdictions and who purchase merchandise from vendors located outside the district are liable for the additional tax due representing the difference between the tax charged by the vendor and the tax rate which prevails within the district.

COMPLIANCE POLICY AND PROCEDURES MANUAL

CERTIFICATE OF REGISTRATION, USE TAX — WHEN ISSUED

215.040

Certificates of Registration — Use Tax, are issued to out-of-state sellers who are engaged in business in California. Section 6203 of the Sales and Use Tax Law also allows persons to register for the purpose of collecting use taxes from their California customers, even though they are not engaged in business in California. These sellers do not maintain a regular place of business in California.

Reference: Section 6203, Revenue and Taxation Code.

CERTIFICATE OF REGISTRATION, TRANSIT DISTRICT USE TAX

215.050

This section specifically deals with in-state retailers, and should not be confused with Section [215.040](#), which applies to out-of-state retailers.

Section [215.030](#) explained that “Transit District” is the former name of “Special Taxing Jurisdiction”. You will find many references to “Transit District taxes” throughout Board literature. Until all regulations and interpretations have been rewritten, both terms will be encountered. They are interchangeable and you may consider them synonymous.

Regulation 1827 provides in part:

“Any retailer who is not engaged in business in the district imposing transaction (sales) and use taxes may apply for a Certificate of Registration — Use Tax. Holders of such certificates are required to collect tax from purchasers, give receipts therefor, and pay tax to the Board in the same manner as retailers engaged in business in the district.”

Compliance with this program by sellers not located in special taxing jurisdictions is voluntary, and no outward recruiting effort should be planned by field offices.

The word “retailer” is defined as an entity holding a valid seller’s permit. When referring to in-state retailers who agree to collect special taxing jurisdiction taxes, the term “Certificate of Registration — Use Tax” is interpreted to mean “Certificate of Registration — Special Taxing Jurisdiction Use Tax.”

In 1988, the Sales and Use Tax Law was modified to require automobile, vessel and aircraft dealers anywhere in the state to collect special taxing jurisdiction taxes on sales of automobiles, vessels and aircraft made to residents of districts. For this reason, automobile, vessel and aircraft dealers who may previously have held a Certificate of Registration — Use Tax under which special taxing jurisdiction tax was collected, no longer need to hold a certificate.

Display of a Certificate of Registration — Use Tax on the premises of a business should assure customers from special taxing jurisdictions of the seller’s authority to collect and give receipts for special taxing jurisdiction use taxes. The purchaser who pays the use tax to such a retailer will be relieved from paying the special taxing jurisdiction use tax to the Board.

CONSUMER USE TAX ACCOUNTS — LOCAL TAX ALLOCATION

215.060

- a. Tax program code SU is used to identify consumer use tax accounts purchasing property ex-tax out of state (equipment, building materials, supplies, etc.) for use at the address for which the account is established, or where the local use tax on items used at various locations is less than \$600 a year. Tax program “SU” is the use tax equivalent to sales tax program “SR”.
- b. Tax program code SV is used to identify consumer use tax accounts where property is purchased ex-tax out of state and used at different locations than that for which the account was established and the local tax is in excess of \$600 a year. Tax program “SV” is the use tax equivalent to sales tax program “SS”. There is, however, no use tax account equivalent to a sales tax consolidated account. Separate use tax permits are required for each location.

REGISTRATION

SPECIAL TAXING JURISDICTION USE TAXES

215.070

You will often encounter questions concerning application of these taxes to property which has been purchased from retailers elsewhere in California on which the state and local tax reimbursement has been charged by the seller, but not the District Tax:

- When such property is purchased on or after the operative date of a special taxing jurisdiction for use in the jurisdiction, the merchandise is subject to the jurisdiction tax.
- Unless the seller has collected district tax reimbursement or district use tax, the purchaser must report the tax on his/her sales and use tax return or on a consumer use tax return.
- Persons who do not hold seller's permits but who regularly accumulate special taxing jurisdiction use tax liability should obtain a Consumer Use Tax permit and file consumer use tax returns.
- Consumers who occasionally incur special taxing jurisdiction use tax liability should file and pay using an arbitrary account number. (See also Pamphlet Nos. 23 and 44-A for additional details.)

The following instructions apply to purchasers of property used or consumed in special taxing jurisdictions and who must remit taxes due:

One-Time Transactions

Purchasers owing special taxing jurisdiction use tax on a one-time basis are not registered as consumers. Instead, issue an arbitrary number with tax program "SN". Prepare Form BT-401-E2, "Utility Consumer Use Tax Return" with appropriate due dates, etc., entered on the form. Tax Code "SN" plus district/branch identifier and an arbitrary number issued from the district's block of numbers will be entered in the account number space. Advise the purchaser to fill in only spaces on Form BT-401-E2 which pertain to special taxing jurisdiction use tax and total tax due information.

Additional information on issuance of arbitrary numbers may be found in CPPM Subsection [295.090](#).

Undetermined Duration Or Long-Term Involvement

Persons planning to regularly accumulate special taxing jurisdiction use tax liability should be issued a Consumer Use Tax permit, tax code "SU". Instruct the taxpayer to fill in only spaces that pertain to special taxing jurisdiction use taxes and total tax due information, using returns regularly sent from headquarters.

CERTIFICATE OF REGISTRATION — REPRESENTATIVES, AGENTS, ETC.

215.080

Form BT-400-MCR also provides space in which to list the representatives, agents or salesmen operating in California. Additional schedules may be attached if more space is required. If the applicant has a large number of persons operating in this state, it is necessary to show only the principal representatives in California, such as area supervisors or managers.

CERTIFICATE OF REGISTRATION — CALIFORNIA LOCATIONS

215.090

Form BT-400-MCR provides space to list the locations in California at which a sales office, sample room, warehouse, etc., is maintained by the applicant for a certificate of registration — use tax. Each such location is to be shown on the form and identified as to the type of activities conducted there. Additional schedules may be attached to the application if more space is required.

COMPLIANCE POLICY AND PROCEDURES MANUAL

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REGISTRATION

EXPRESS REGISTRATION PROGRAMS

220.000

WHAT IS “EXPRESS REGISTRATION”

220.005

“Express Registration” is a refinement of what originally was called “Registration by Mail.” “Registration by Mail” is too restrictive and connotes new forms developed for the program are only for registering taxpayers using a mail-in procedure. For this specific reason, the term Express Registration was suggested to describe new registration forms and revised procedures. Many new forms developed for the Express Registration program already were numbered when the decision was made to change program names, hence forms will contain an “M” as part of the form number denoting “Mail”.

Express Registration documents (packets) have been developed for individuals/partnerships or organizations/corporations requiring seller’s permits; these forms are called BT-400-MIP (Mail, Individual and Partnership) and BT-400-MCO (Mail, Corporation and Organization). Temporary permits use BT-400-MT (Mail, Temporary). All other programs have single application forms used only for that program; they are: fuel user permits, fuel vendor permits, certificate of registration and consumer use accounts.

FIELD PROCEDURES

220.010

Availability To The Public

Posters (Form BT-400-POSTER) are used for display in field office lobbies to advise taxpayers of the program’s existence. Counter and telephone personnel will determine the appropriate packet to provide to any taxpayer requesting Express Registration.

Taxpayers with multiple selling locations should be asked to provide a list of all locations.

Packets in quantity may be given to persons or firms wishing to provide registration services for their clients.

Follow-Up Of Packets Issued

District controls should be established to ensure packets are returned when:

- A sale of a business has occurred.
- When a person with a potentially large volume is identified. “Large volume” means an account which is not part-time.
- Other applicants need not be tracked unless a need arises to track a specific person.

Taxpayers who purchased a business or who have been identified as “large volume” who have not returned a completed packet or otherwise obtained a permit are to be contacted to determine whether or not a permit is necessary, or the cause for delay. MS Word FOLLOWUP.DOT template is available for follow-up letters.

Packets Received From Taxpayers

- Large offices will designate one or two persons responsible for sending Express Registration packets to taxpayers and processing completed packets received back from taxpayers.
- Packets received from taxpayers will be given to the person(s) responsible for processing mail registration applications.
- Applications will be reviewed for completeness, legibility, and if applicable, proper district of control.
- Packets will be processed in the same office in which received, and will not be forwarded to the office of control prior to issuance of an account number EXCEPT as explained in 1.e following.
- Area code, business code and reporting basis will be entered below the account number block, and in the shaded area entitled “Board Use Only” applicable forms checked off. The person who performed these functions will enter his/her name in the space provided.

COMPLIANCE POLICY AND PROCEDURES MANUAL

FIELD PROCEDURES

(CONT. 1) 220.010

Processing Applications

1. Incomplete or illegible applications —

Any application received from a taxpayer which is incomplete should be rejected. Applications signed in Section I but not bearing a signature in the Certificate area should not be rejected if complete in all other respects. If a telephone call cannot resolve the problem, use the following procedure:

- a. Prepare a REJECT letter noting all the necessary corrections. The incomplete area may also be highlighted on the application if desired.
- b. Mail the REJECT letter and original application back to the taxpayer with a pre-addressed return envelope (E-11- series, such as E-11-AR, E-11-BHA, and so forth).
- c. Retain a copy of the REJECT letter and application. Establish a follow-up to ensure the permit is either issued or not required.
- d. If a corrected application is not received by the follow-up date, contact the taxpayer by telephone or issue a Notice to Appear, whichever would most quickly resolve the situation.
- e. If the steps above cannot resolve the problem, the matter should be assigned in accordance with district policy for further investigation.

2. Complete Applications (Except Temporary)

- a. Register account on-line and issue account number and any necessary permits. Consumer Use Tax accounts have no permit card. Make 1 photocopy of each side of the application form if a district office file folder is being created. A photocopy of the form is forwarded to the Employment Development Department if the taxpayer indicates he/she will have employees and has not yet registered as an employer. No additional photocopies should be made for other purposes, such as tracking permits taken for other districts. Furnish a copy of the application to taxpayers only when specifically requested by the taxpayer. Complete Form BT-400-CS for any sublocations.
- b. Prepare the appropriate ACCEPT letter (ACC-series of letters) plus any necessary returns and security documents.
- c. Select regulations, pamphlets and forms appropriate for this type of operation and check proper boxes in the shaded area of the "Board Use Only" section.
- d. Mail the letter and all necessary documents to the taxpayer.

3. Temporary Applications ONLY

- a. Register account on-line and issue account number and any necessary permits. Make 1 photocopy of each side of the application form when it has been determined that a district office file should be created. Complete Form BT-400-CS for any sublocations. No additional photocopies should be made for other purposes, such as tracking permits taken for other districts. Furnish a copy of the application to taxpayers only when specifically requested by the taxpayer. Complete Form BT-400-CS for any sublocations.
- b. Prepare the ACCEPT letter.
- c. Select regulations, pamphlets and forms appropriate for this type of operation and check proper boxes in the shaded area of the "Board Use Only" section.

REGISTRATION

INDEX OF FORMS AND PACKAGES USED IN EXPRESS REGISTRATION

220.020

BT-400-REQ, Mail Registration Request

Printed in pads of 50, and used by all personnel to obtain sufficient information so proper application package(s) can be sent to taxpayers.

BT-400-LOG, Mail — Registration Log — Month/Year

Printed in pads of 50, and used to monitor application packages sent to taxpayers. Contains space to indicate why a returned application was rejected. Comments and reasons in this space will be evaluated periodically to see whether reasons for rejection are centered around a specific area.

BT-400-POSTER

Posters which advertise availability of Express Registration may be posted in field offices or non-Board locations where necessary.

BT-1009, Notification of Conditional Security Requirement

Reworded form advising taxpayers no security is required upon issuance of a permit, but security may be required if any of four specific problems occur at a later date.

No taxpayer signature is required.

BT-400-MIP, Seller's Permit for Individuals and Partners

Application form printed on white paper. Cover page and inside front cover explain reason for permit, followed by application form, a handwritten sample, a listing of Board offices, their mailing addresses, and phone number. The back page has been designed so the application forms may be folded in half, stapled or taped closed, and mailed back to the Board.

BT-400-MCO, Seller's Permit for Corporation and Organizations

Application form printed on apple green paper. Cover page and inside front cover explain reason for permit, followed by application form, a handwritten sample, a listing of Board offices, their mailing addresses, and phone number. The back page has been designed so the application forms may be folded in half, stapled or taped closed, and mailed back to the Board.

BT-400-MT, Application for Temporary Seller's Permit

Application covers all forms of ownership. Application form printed on goldenrod paper. Cover page and inside front cover explain reason for permit, followed by application form, a handwritten sample, a listing of Board offices, their mailing addresses, and phone number. The back page has been designed so the application forms may be folded in half, stapled or taped closed, and mailed back to the Board.

BT-400-MCU, Application for Consumer Use Tax Account

Application covers all forms of ownership. Application form printed on pink paper. Cover page and inside front cover explain reason for permit, followed by application form, a handwritten sample, a listing of Board offices, their mailing addresses, and phone number. The back page has been designed so the application forms may be folded in half, stapled or taped closed, and mailed back to the Board.

BT-400-MCR, Application for Certificate of Registration — Use Tax

Application covers all forms of ownership. Application form printed on canary yellow paper. Cover page and inside front cover explain reason for permit, followed by application form, a handwritten sample, a listing of Board offices, their mailing addresses, and phone number. The back page has been designed so the application forms may be folded in half, stapled or taped closed, and mailed back to the Board.

COMPLIANCE POLICY AND PROCEDURES MANUAL

INDEX OF FORMS AND PACKAGES USED IN EXPRESS REGISTRATION

(CONT.) 220.020

BT-400-RJ, Rejection of Application Letter

Applications forms which cannot be processed because of errors or omissions are returned to taxpayers with Form BT-400-RJ as a cover letter.

Space has been provided for rejection reason use. This form letter is not available through Supply, but is on a MS Word template. The template name is BT400RJ.DOT. Use plain white paper as the template includes the current Board letterhead.

Welcome Letter, Acceptance of Application Letter

Applicants to whom permits or accounts are issued receive a personalized letter explaining due dates of returns, and other general information. As with other letters, Welcome letters are on MS Word templates. Use the appropriate letter from the following list:

Template File Name	Application Type	Use
ACC-SR.DOT	BT-400-MIP/MCO	all sellers except temporary
ACC-TMP.DOT	BT-400-MT	temporary seller's permit
ACC-CU.DOT	BT-400-MCU	consumer use tax account
ACC-CR.DOT	BT-400-MCR	certificate of registration, use tax

REGISTRATION

ORIGINAL APPLICATIONS

225.000

GENERAL INSTRUCTIONS

225.005

Registration documents are read by taxpayers and many other persons from permit issuance to final file destruction. There are two very crucial elements to observe when completing any Board document:

- **Accuracy**
- **Legibility**

Business Taxes applications have many areas common to all forms. You must be familiar with each of the forms in order to assist the taxpayer in properly filling in the appropriate application. This chapter will explain general policy regarding the preparation of the following Sales and Use Tax application forms:

- BT-400-MIP Application for Seller's Permit (Individuals and Partners Only)
- BT-400-MCO Application for Seller's Permit (Corporations and Organizations Only)
- BT-400-MCR Application for Certificate of Registration — Use Tax
- BT-400-MCU Application for Consumer Use Tax Permit
- BT-400-MT Application for Temporary Seller's Permit

APPLICATIONS

225.010

Sales and Use Tax primarily deals with five application forms as described in the previous subsection. Each of the five forms are covered in detail in the "Programmed Text Workbook No. 1" (PREP 1), The Registration Process.

The instructions included in this chapter of the CPPM generally apply to reviewing and checking the accuracy of each form. Transferring the information from the form to the On-Line Registration System is described in detail in the Client/Taxpayer System (CTS) On-Line Registration User's Guide.

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

SECTION I: OWNERSHIP INFORMATION

225.020

1. Please check type of ownership.

Check the most correct box to indicate the type of owner applying for a permit. The types of ownerships listed vary from application to application. When the ownership consists of a husband and wife only, with both names appearing on the application, check the box titled "husband and wife co-ownership".

2. Full Name (first, middle, last)

Individuals and General Partnerships

Enter the name or names, on the form, in full, showing a courtesy title, if known, of Mr., Mrs., Ms. or Miss, followed by the first name, middle name and last name. Middle names must be shown in full for accurate identification. Initials may be used when they are a part of the person's legal name or if other good reason exists for use in lieu of a full name. Do not routinely add a spouse's name as co-owner unless the spouse truly is a co-owner. For purposes of the On-Line Registration browse, you must eliminate the courtesy titles and you should use the full middle name if known.

Partnership applications will show the full names of all general partners. If necessary, an additional page may be used to provide all the names. A "partner" may not necessarily be a natural person. Corporations, trusts, and so forth may also be a "partner" with another entity or person. Names of all general partners of a partnership which is itself a partner will be entered on the application.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

(CONT. 1) 225.020

2. FULL NAME (FIRST, MIDDLE, LAST) CONTINUED

Cooperatives, Cooperative Associations

A cooperative association is considered a "partnership" if not incorporated. The names of all association members must accompany the application. If all names cannot be shown on the application form due to space limitations, list them on a separate sheet attached to the application.

Municipal Purchasing Corporations (MPC), Municipal Improvement Corporations (MIC)

On May 4, 1988, the State Board of Equalization determined sales by MPCs and MICs to their creating jurisdiction are not sales made by retailers within the meaning of the law.

These purchasing agencies are not making retail sales to their creating authority in the regular course of business. The purchasing agencies typically have no purpose other than to facilitate the governmental functions of their related local entity. They "sell" to no one other than their creating authority. Continuing to permit public purchasing agencies to qualify as retailers with respect to such transactions would undermine the legislatively adopted plan for distribution of local tax revenues. Accordingly, MIC's should not hold seller's permits as they are not making sales. See CPPM [210.040](#) for additional information.

Fiduciaries, Trustees, Receivers

On those applications filed by a person acting in the capacity of a receiver, trustee, administrator or executor, first enter the name and status of the entity whose estate is being administered, followed by the name and title of the fiduciary. The following examples apply only to information entered on the actual application. The underlined portion of the examples will not be entered into the On-Line Registration System. Only the taxpayer's name is entered on the system. Do not add the administrator's, receiver's, or assignee's name as part of the owner name field on the On-Line Registration System.

Examples:

- a. Estate of Jane Doe, deceased, Richard Roe, Administrator
- b. Estate of XYZ Corporation, bankrupt, Sam Smith, Receiver
- c. Estate of John Jones, Assignor, Sam Smith, Assignee

Extraneous entries such as "co-partnerships", "a California Corporation", etc., are no longer made following the owner's name unless required such as LLC, LLP, LP, etc.

Limited Partnerships

In the case of limited partnerships, a limited partner is one who contributes to the partnership capital, shares in the profit, but who has no powers in the control of the business. No longer will each general partner be identified by adding "Gen. Partner" after the name. The general partners will, however, be listed as partners. A list of all the limited partners should be obtained and forwarded to Taxpayer Records Section for file information. Care should be taken to ensure that DBA's for partnerships are not accepted as being a partner. Any fictitious names (DBA's) under which general partners or the business are operated should also be listed. If the partners or fictitious names used are numerous, obtain a copy of the partnership agreement.

Adding or dropping one or more limited partners does not require a new license or permit unless all the limited partners are dropped, or the general partner(s) changes, or a general partnership is converted to a limited partnership.

REGISTRATION

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

(CONT. 2) 225.020

2. FULL NAME (FIRST, MIDDLE, LAST) CONTINUED

A generic term of "Limited Partner" is used to relate all limited partners to the partnership and appears on the Partners Inquiry screen of the taxable activity registration record. This generic term is automatically related when assigning the entity code "L" when registering a limited partnership on-line. The individual names of limited partners are never entered or related to the entity. General partners are related to a limited partnership individually using the relationship code "G".

The Board uses fourteen ownership types to signify ownership of an account (see CPPM **230.040**). Examples of how some types of ownership names may be written are shown below:

Sole Proprietor

1. John Samuel Smith, Jr.
2. John Samuel Smith, Jr., Dr.
3. John Smith (applicant has no middle name)
4. J. Samuel Smith (applicant has initial for first name)
5. J.S. Smith (applicant has only initials, no first/middle names)

Married Partners (husband and wife co-ownership)

1. Mary Jane Smith
2. John Samuel Smith

Partnership or co-ownership

Any type of entity may be a general partner in a partnership account.

1. Individual and Individual(s)
2. Individual (s)and Corporation(s)
3. Organization(s) and Individual(s) and/or Corporation(s)

Corporations

1. ABC Inc.
2. ABC Incorporated
3. ABC Corporation
4. ABC Inc. & Sally Samantha Carter
5. ABC Inc. & XYZ Corporation

Government

1. County of Los Angeles
2. City of Sacramento
3. East Side School District

Fiduciary/Trust

1. Bankruptcy estate
2. Administrator of an estate
3. Living or Family trust

Organization or Association

1. Boy Scouts of America
2. Kiwanis Club
3. Fraternal Order of Eagles

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

(CONT. 3) 225.020

2. FULL NAME (FIRST, MIDDLE, LAST) CONTINUED

3. Address (residence)

Enter a full residence address including zip code. This must be a physical address rather than a P.O. Box or mail drop of some sort.

4. Telephone (residence)

Enter the taxpayer's home telephone number including area code. If the taxpayer does not have a home telephone then the telephone number of a person who can reach the taxpayer should be entered.

5. Social Security Number

As part of the registration process, applicants are asked to provide their social security number. Two issues have arisen where problems relating to this have delayed issuance of necessary permits which are:

- ORIGINAL SOCIAL SECURITY CARD. It is not the Board's policy to require a taxpayer to provide an original social security card to obtain a permit under the tax programs administered by this agency. Few people have their original social security cards and asking them to provide it could create a serious delay in registration, which in turn would delay payment of taxes.
- INTERNAL REVENUE SERVICE (IRS) NUMBERS FOR NONRESIDENT ALIENS. In the past the Social Security Administration (SSA) has issued "non work" social security numbers (SSN) to nonresident aliens, which the Board has accepted when issuing seller's permits. The IRS now has regulations which provide for the issuance of a new IRS-issued individual taxpayer identification number (ITIN), for use by alien individuals, whether resident or nonresident, who currently do not have, and are not eligible to obtain, social security numbers. Effective July 1, 1996 the Board will accept an ITIN as a valid taxpayer identification number for the registration process.

Enter the social security number or ITIN of each owner. If the owner has not obtained a social security number or an ITIN at the time of application, then obtain a passport, visa (not the credit card), or other type of identification number until a social security number is obtained.

6. Drivers License Number/Date of Birth

Enter the driver's license number and date of birth of the person being registered.

7. Present/Past Employer

Enter the taxpayer's present or most recent employer.

8. Name of Spouse

The spouse's name should be entered in the event the spouse is not a partner in the business. If the person applying for the permit refuses to supply the name of their spouse, do not force the issue. This information, when obtained, is generally used for collection purposes.

9. Social Security Number

Enter the social security number of each spouse. If the spouse has not obtained a social security number at the time of application, then obtain a passport, visa (not the credit card), or other type of identification number until a social security number is obtained.

10. Driver License Number

Enter the spouse's driver license number and date of birth of the person, if available.

11. Personal References

Each owner or partner should provide the name, address and telephone number of two personal references.

REGISTRATION

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

(CONT. 4) 225.020

12. Signature

- **Sole Proprietors:** The application must be signed by the owner.
- **Corporations:** A corporate officer must sign for a corporation registered as a general partner. Only one corporate officer is required to sign for a corporation or a corporate general partner.
- **General Partnership:** In the case of a general partnership, a copy of the signed partnership agreement should be obtained in addition to the signature of one partner. If no partnership agreement exists, or if one is not provided, each partner must sign the application in Section I.
- **Limited Partnerships** For limited partnerships a copy of the signed partnership agreement **must** be obtained in addition to the signature of one **general** partner. in Section I.

The signature of a person other than the applicant may be accepted only when accompanied by an original notarized Power of Attorney, granting the person authorization to sign.

- **In no case should an employee of the Board sign the application for the taxpayer. If the taxpayer is illiterate and unable to sign his/her name an employee may witness his/her mark.**

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

SECTION II: BUSINESS INFORMATION

225.025

1. Business Name

The firm name (DBA — doing business as) is entered whenever the owner operates the business under a fictitious name. If there is no fictitious name or if the firm name is the same as the ownership, no entry is made in this space.

A firm name or DBA is optional, and is not required by Board of Equalization laws or regulations. Firm names and DBA's are added for information purposes. Registration of fictitious names is recorded with the County Recorder.

2. Business Address (Do not list P.O. Box or mailing service)

"Location of business" for single outlet in-state sales and use tax accounts is the physical address from which sales are made. The in-state business address determines the district or office of control.

Standard abbreviations used for registration and account maintenance functions may be found in the National Zip Code Directory, in the Board's Pamphlet 71, and in the CTS User Guide.

When the location of the business is different from the mailing address, the location of business is entered so that the site the business occupies is clearly identified. Each item of this space must be completed in full. If there is no street address, the location must be identified by describing it in relation to permanent landmarks. A post office box, route box number or accountant's address is not entered as a business address for an in-state account. However, out-of-state district accounts without a physical in-state business address, and which use an area code beginning 59-999 may in some instances have only a post office box for the business and mailing address.

Consolidated sales and use tax accounts are issued to a "master location", which is the location of books and records, and is used to establish the office of control. A master location does not necessarily need to be a selling location, hence a master location may be in one district, with all selling sub-locations located elsewhere.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

(CONT. 1) 225.025

SECTION II: BUSINESS INFORMATION

3. Mailing Address (if different from No. 2 above)

This space is always completed. If the mailing address and business address are different, enter the business address on the line above the mailing address. In some cases, the mailing address and business address are the same physical location, but because of Postal Service procedures, the "City or Town" for each is different. When this situation occurs, both a complete mailing address and business address must be shown.

Rules for addressing consolidated sales and use tax accounts are found in number 2 above.

SX, SY, and SZ consolidated accounts must always show a complete master location as either the business or mailing address to establish the correct office of control.

State and ZIP Code, Domestic Account

Enter the state and ZIP or ZIP+4 codes. If a 9-digit ZIP code (ZIP+4) is entered into an account's computer record, it will be printed or displayed on all forms and correspondence which use the mailing address. Five (5) digit ZIP codes will continue to be acceptable.

Foreign Country Mail

When filling out an application form with a mailing address in a foreign country, enter the country name in the "State" area. If the country is Canada, the appropriate 7 position Canadian POSTCODE is entered in the "Zip Code" area. For other countries, no ZIP code should be entered.

When inputting applications containing a foreign country mailing address, the 3 position country code (see Business Taxes Code Book, Section 140.00) must also be entered. Use the F1 Help screen to identify the proper country code. For your information, all video displays and computer printed material will display the country name (abbreviated, if necessary, for the 15 available positions) in the state/zip code area. For Canada, the word "Canada" and the Canadian POSTCODE, separated by a space, will appear in this area.

Note: Foreign country province or state names, or abbreviations, are NOT entered in the "State" area. If a foreign province or state name is required as part of a mailing address, enter the name in the "City or Town" area.

4. Date You Will Begin Sales And Hours Of Operation

The correct starting date month, day and year should be entered in this space. On a conversion, such as "Consumer to Seller", enter the conversion date. For new sales tax and use tax permits use the date on which the operation originally started.

5. Days and Hours of Operation

Enter the hours of operation under the appropriate days of the week.

6. Type of Business

There are nine check boxes in two sub-sections associated with this section of the application. They are:

- (a) The six types of business shown on the form. Check the primary type.
- (b) The three types of operation: full-time, part-time, or mail order. Check one.

A part-time permittee may be defined as:

- One whose business is not open during hours usually associated with that type of business in that locality.
- One who does not receive his/her principal source of income from this business.
- One who does not make sales of sufficient volume and magnitude to qualify as a full time seller. (Sufficient volume and magnitude is considered to be \$20,000 or more annual gross sales.)

REGISTRATION

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

(CONT. 2) 225.025

SECTION II: BUSINESS INFORMATION

Some examples of a part-time seller:

- A housewife selling jewelry from her home or the home of neighbors.
- A mechanical engineer employed full-time by Lockheed who makes occasional sales of model airplanes he builds.

Some examples of a seller who does not qualify as part-time:

- A church "thrift store" making sales during the evenings only.
- A shop that sells ski equipment during the winter months only.
- A business with annual gross sales of \$20,000 or more.

Accounts coded part-time would normally be placed on a yearly reporting basis. If for any reason the district decides to place the account on a monthly or quarterly basis, serious consideration should be given to assigning a full-time business code to the account.

7. Type of Items Sold

A description of the business in general terms such as "Restaurant", "Hardware Store, Retail", "Service Station", etc., will be entered followed by the primary type of merchandise sold. Additional descriptive phrases may be used to detail the business as a further aid to assignment of the proper business code. If several types of activity are conducted, all should be indicated but underline the principal activity.

8. Are You Starting or Buying a Business, Adding/Dropping a Partner, or Other

- When a business is purchased from another person or incorporated, check the Buying a business? box.
- If the change in the business entity is due to the adding or dropping of a partner, then check that box. Successor's liability applies if either of these boxes are checked.
- Check the "Other" box if only a portion of the business(es) and assets were included
- Check "Other" if the business is being taken over by a receiver, trustee, or fiduciary; no successor's liability applies if this situation exists. "OTHER REORGANIZATION" is never used to show addition or deletion of a partner, or incorporation of a permit.

The name and account number of the former owner should be shown, regardless of whether the business was purchased. Since January 1, 1986, the former owner's account number has been added to the account's record from new applications and change documents, and appears on video. This additional information will assist in establishing ownership continuity, and also assists EDD in their compliance and registration programs.

This information is used as a basis to begin close-out processes for any predecessor account(s), determine successor's liability, and assist the Employment Development Department in determining successor's liability under EDD statutes.

9. Purchase Price

Enter the purchase price of the business; "purchase price" is the total consideration valued in money. This amount also includes the sum of any assets, liabilities, inventory, and goodwill of the seller assumed by the purchaser.

10. Value of Fixtures and Equipment

Enter the amount of the purchase price that was allocated for the fixtures and equipment. This amount is generally taxable in the sale of a business.

11. Selling Locations

Please indicate in this area the number of locations from which sales will be made. If 2 or more locations are indicated, attach a list indicating the full address of all locations.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

(CONT. 3) 225.025

SECTION II: BUSINESS INFORMATION

12. ABC License

If there is a liquor license involved indicate the ABC license number and the type of license in this area.

13. Name of Accountant/Bookkeeper

Enter the name, address and telephone number of the taxpayer's accountant or bookkeeper, if applicable.

14. Business Landlord

Enter the name and address of the landlord where the business is located, if applicable.

15. Bank Information

Enter the name, address and account number of the taxpayer's checking and savings accounts. These accounts can be either personal or business accounts.

16. Name of Major Suppliers

Enter the name and address of the taxpayer's major suppliers along with a brief description of those items being purchased. **At least three names and full addresses of suppliers should be obtained from the taxpayer at the time of registration.**

17. Other Board Account Numbers

Enter any other Board of Equalization accounts which the taxpayer currently holds, including any Special Taxes accounts.

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

SECTION III: INCOME AND EXPENSES

225.030

1. Projected Monthly Business Expenses

- Enter, on the appropriate line, the rent being charged the taxpayer for the business location. If the business is being operated out of the home, a figure for rent will not be required.
- The projected payroll of the business. If anyone is being paid as an employee, regardless of the business location, the amount of the projected payroll should be recorded.
- Any other expenses associated with the operation of the business. Other miscellaneous expenses will include electric, water, telephone, etc.

2. Projected Monthly Sales

- Enter, on the appropriate line, the total gross revenue.
- The total gross revenue will be broken down as to non-taxable and taxable.
- The tax will then be figured, using the proper tax rate for the location of the business.
- If security is to be posted, the amount of security will be determined using the figures projected in this section.

REGISTRATION

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

SECTION III: INCOME AND EXPENSES

(CONT.) 225.030

3. Information Concerning Employment Development Department (EDD)

Questions for the Employment Development Department should be answered as carefully and accurately as those in any other part of the form. Sales and Use Tax Law Section 7057 requires the Board of Equalization to assist the Employment Development Department in registration of employers.

- For applicants who are, or will become employers, please forward a copy of this application to your local Employment Tax District Office (ETDO).
- For part-time accounts, it is not necessary to forward a photocopy of the application to the ETDO. Complete only question "1" by checking "No".
- When applicants respond "YES" to question 3-a, continue no further. DO NOT forward a copy of this form to ETDO.
- If a copy of the application is forwarded to EDD, enter a "Y" in the EDD field of the On-Line Taxable Activity Add screen. This will be the basis for billing EDD to recover the Board's costs of providing registration of employer services. Therefore, care must be taken to accurately complete this area on the application.

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS)

SECTION IV: CERTIFICATION

225.035

Signature

- The application **must** be signed by the owner if a sole-proprietor.
- For partnerships the application **must** be signed by a partner, or a corporate officer of a general partner corporate entity. In the case of a limited partnership, a general partner must sign.
- Only one signature is required in this section.
- The signature must be followed by the title of the signer, e.g.:

Sole Proprietorship

Elsa Salas

Owner

Partnership or Husband and Wife Co-ownership

Tina Louise Trevizo

Partner

General Partner Corporation

Beverly Burns

Vice President

Fiduciary

Teri Latham

Receiver

Fraternal Organization

Peter Trevizo

Grand Knight

- All other spaces in this section must be completed.
- The signature of a person other than the applicant may be accepted only when accompanied by an original notarized Power of Attorney granting the person authorization to sign.

Certification

- Section 6066, Sales and Use Tax Law, requires persons signing an application to certify that they will actively engage in or conduct a business as a seller of tangible personal property. The Certification Section meets this requirement.
- At the time taxpayer signs this form, the certification should be brought to his/her attention. Because the taxpayer is certifying the application statements are true, the taxpayer normally will not be asked to sign a blank form.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR SELLER'S PERMIT (INDIVIDUALS/PARTNERS) FOR BOARD USE ONLY (BACK)

225.040

This area serves to identify the informational material given the taxpayer upon completion of the registration process and by whom.

- **Reporting Basis.** Enter the filing basis upon which the account has been placed.

Sales and Use Tax Law provides that returns shall be filed on a quarterly basis or, if necessary, the Board may require returns for other than quarterly periods such as monthly, yearly or fiscal yearly period. Standards have been developed to be used as guides in determining the basis on which a new applicant is to report:

1. **YEARLY** Any account which normally accrues tax of \$0 to \$100 per month should be placed on a yearly or fiscal yearly reporting basis. Any account, including that of a part time seller, is acceptable for yearly reporting if the normal yearly tax accruals are less than \$900. Sales and Use Tax accounts registering during January through June of each year, who otherwise meet the yearly criteria, will be placed on normal calendar year reporting. Those registering between July and December will be placed on a fiscal year basis. If the district office is aware of conditions which would make yearly reporting undesirable or impractical, quarterly or monthly reporting may then be required.
2. **QUARTERLY** Any account which normally accrues tax of \$101 to \$300 per month should be placed on a quarterly reporting basis. However, these accounts may be placed on a monthly reporting basis should the taxpayer request permission to file his /her returns monthly, or if monthly reporting will provide better control of the account.
3. **MONTHLY** Any account which normally accrues tax of \$301 to \$1,200 per month will be placed on a monthly reporting basis unless the taxpayer indicates a desire to pay quarterly.
4. **QUARTERLY PREPAYMENT** Any account which normally accrues tax of \$1,200 to \$19,999 per month will be placed on a quarterly prepayment reporting basis. This is a requirement mandated by current law.
5. **QUARTERLY PREPAYMENT EFT** Any account which accrues tax of \$20,000 or more per month will be placed on quarterly prepayment and will be required to pay their tax liability via electronic fund transfer (EFT). This is a requirement mandated by current law.

More frequent reporting than indicated by the guidelines may be desirable based upon considerations such as type of business, amount of tax liability to be incurred, applicant's financial condition and past record, etc.

Guidelines to consider when assigning a reporting basis to sales and use tax accounts will be found in Subsection **235.000** and the help screen for the reporting basis area of the on-line registration system.

- **Security Review.** Indicate whether a Form BT-1009, Notification of Conditional Security Requirement, or Form BT-598, Notice of Security Requirements, has been issued. If a Form BT-598 has been issued, indicate the amount on the line provided. Indicate by signature on the line provided, who issued the BT-1009 or BT-598 and who approved the decision, if applicable.
- **Remote Input Date.** Indicate the date the account was entered into the system and by whom.
- **Permit Issued.** Check the square if a permit was issued. If a permit was issued, indicate the date of issuance.
- **Furnished to Taxpayer.** Check the appropriate square that indicates what information was given the taxpayer. An area is available to write in those items given the taxpayer not previously identified on the form.
- **Regulations.** Indicate which regulations were given to the applicant. Taxpayer/clients should be cautioned to read any relevant regulations and ask for further explanation if needed.
- **Pamphlets.** Indicate which tax information pamphlets were given to the applicant.
- **Returns.** Indicate the periods for any returns given the applicant.

REGISTRATION

APPLICATION FOR SELLER'S PERMIT (CORPORATION/ORGANIZATIONS)

SECTION I: OWNERSHIP INFORMATION

225.045

1. Please Check Type Of Ownership.

Check the most correct box to indicate the type of organization applying for a permit. The types of ownership's listed vary from application to application. If the box titled "OTHER" is checked, that ownership should be adequately described.

2. Enter Full Corporate Name.

An application prepared for a corporate entity must show the exact name of the corporation. Abbreviations are used only if they are a part of the official corporate name. The corporate charter will provide the exact name of the corporation.

3. Federal Employer Identification Number (FEIN)

Enter the Federal Employer Identification Number in this area. This is the identification number that a corporation uses when it files its federal income tax returns. The FEIN serves the same purpose as an individual's social security number.

4. Corporate Number

Enter the number the Secretary of State stamps on the Articles of Incorporation. This is the acknowledgment that the corporation is registered as a corporation and authorized to do business in California.

5. Full Name (including middle name)

The BT-400-MCO is for corporations only, where the other forms accommodate a variety of ownerships. The name of the corporate officer occupying a particular office should be entered in full under the title for that office. A courtesy title, if known, of Mr., Mrs., Ms., or Miss, should be entered on the application. Middle names must be shown in full for accurate identification on the application. Initials may be used when they are a part of the person's legal name or if other good reason exists for use in lieu of a full name. For purposes of the On-Line Registration browse, you must eliminate the courtesy titles and use only the full middle name if known.

6. Address (residence)

Enter a full residence address including zip code for each corporate officer. This must be a physical address rather than a P.O. Box or mail drop of some sort.

7. Telephone (residence)

Enter the officer's home telephone number including area code. If the officer does not have a home telephone, then the telephone number of a person who can reach the officer should be entered.

8. Daytime Telephone

This telephone number may be for the business for which the permit applies, or it may be the officer's regular daytime work telephone number.

9. Social Security Number

Enter the social security number of each corporate officer. If the person has not obtained a social security number at the time of application, then obtain a passport, visa (not the credit card), or other type of identification number until a social security number is obtained. (see also subsection [225.020](#) item 5.)

10. Driver License Number

Enter the driver license number and date of birth of each corporate officer.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR SELLER'S PERMIT (CORPORATION/ORGANIZATIONS)

SECTION I: OWNERSHIP INFORMATION

(CONT. 1) 225.045

11. Signature

Section II: Business Information

See Subsection [225.025](#) for instructions on completing the Business Information Section of a BT-400-MCO application.

Section III: Income and Expenses

See Subsection [225.030](#) for instructions on completing the Income and Expenses Section of a BT-400-MCO application.

Section IV: Certification

Signature

- The application must be signed by a corporate officer or an officer of the organization. Only one signature is required. In the case of a limited partnership, the general partner must sign.
- The signature must be followed by the title of the signer, e.g.:

Corporation

Beverly Burns *Vice President*

- Fraternal Organization

Peter Trevizo *Grand Knight*

- All other spaces in this section must be completed.
- The signature of a person other than a corporate officer may be accepted only when accompanied by an original, notarized Power of Attorney granting the person authorization to sign.

Certification

- Section 6066, Sales and Use Tax Law, requires persons signing an application to certify that they will actively engage in or conduct a business as a seller of tangible personal property. The Certification Section meets this requirement.
- At the time the taxpayer signs this form, the certification should be brought to their attention. Because the taxpayer is certifying the application statements are true, the taxpayer normally will not be asked to sign a blank form.

For Board Use Only(Back)

This area serves to identify what was given the taxpayer upon completion of the registration process and by whom.

See Subsection [225.040](#), for instructions on completing the "Board Use Only" Section of a BT-400-MCO application.

REGISTRATION

APPLICATION FOR CERTIFICATE OF REGISTRATION — USE TAX SECTION I: OWNERSHIP INFORMATION

225.050

1. Please check type of ownership.

Check the most correct box to indicate the type of organization applying for a permit. The types of ownership's listed vary from application to application. If the box titled "OTHER" is checked, that ownership should be adequately described. When the ownership consists of a husband and wife only, with both names appearing on the application, check the box titled "husband and wife co-ownership".

2. If corporation, enter full corporate name.

See CPPM Section **225.045**, number 2.

3. Federal Employer Identification Number (FEIN)

See CPPM Section **225.045**, number 3.

4. Corporate Number/State of Incorporation

Enter the number the Secretary of State stamps on the Articles of Incorporation. This is the acknowledgment that the corporation is registered as a corporation and is registered to do business in California. If the entity was incorporated in a state other than California, identify that state.

5. Full Name (first, middle, last)

Owners, Partners or Corporate Officers

Each owner, each corporate officer and each partner should be identified in the appropriate section. Refer to CPPM Section **225.0020**, number 2 and CPPM Section **225.045**, number 5, depending on the type of ownership.

6. Address (residence)

See CPPM Section **225.020**, number 3.

7. Telephone (residence)

See CPPM Section **225.020**, number 4.

8. Daytime Telephone

This telephone number may be for the business for which the permit applies, or it may be the taxpayer's regular daytime work telephone number.

9. Social Security Number

See CPPM Section **225.020**, number 5.

10. Driver License Number

See CPPM Section **225.020**, number 6.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR CERTIFICATE OF REGISTRATION — USE TAX

(CONT. 1) 225.050

11. Signature

- **Sole Proprietors:** The application must be signed by the owner.
- **Corporations:** A corporate officer must sign for a corporation registered as a general partner. Only one corporate officer is required to sign for a corporation or a corporate general partner.
- **General Partnership:** In the case of a general partnership, a copy of the signed partnership agreement should be obtained in addition to the signature of one partner. If no partnership agreement exists, or if one is not provided, each partner must sign the application in Section I.
- **Limited Partnerships** For limited partnerships a copy of the signed partnership agreement **must** be obtained in addition to the signature of one **general** partner. in Section I.

The signature of a person other than the applicant may be accepted only when accompanied by an original, notarized Power of Attorney granting the person authorization to sign.

In no case should an employee of the Board sign the application for the taxpayer. If the taxpayer is illiterate and unable to sign his/her name, an employee may witness his/her mark.

Section II: Business Information

1. Business Name

See CPPM Section **225.025**, Section II number 1.

2. Business Address (Do not list P.O. Box or mailing service)

See CPPM Section **225.025**, Section II number 2.

3. Mailing Address (if different from No. 2 above)

See CPPM Section **225.025**, Section II number 3.

4. Description of Business

A description of the business in general terms such as “Restaurant”, “Hardware Store, Retail”, “Service Station”, etc., will be entered in this section. Additional descriptive phrases may be used to detail the business as a further aid to assignment of the proper business code. If several types of activity are conducted, all should be indicated, but underline the principal activity.

Check the appropriate principal activity box. If taxpayer is engaged in several types of activity, check the box which applies to the principal activity which you underlined.

5. What Will You Sell?

A brief description as to what is being sold should be entered here.

6. Start Date

The date indicated on the BT-400-MCU will be the date purchases began in California. The date indicated on the BT-400-MCR will be the date sales started in California.

7. Bank Information

See CPPM Section **225.025**, Section II number 15.

8. & 9 Office Locations and Functions in California

Enter the California location from where the taxpayer will be operating. In number 9, identify the function of those locations as a sales office or warehouse, etc.

10. Representatives in California

Enter the names, addresses and telephone numbers of those individuals who will be representing the seller in California.

REGISTRATION

APPLICATION FOR CERTIFICATE OF REGISTRATION — USE TAX SECTION III: OUT-OF-STATE RECORDS INFORMATION

225.055

1. Location

You will indicate in this area the physical address where the books and records are actually kept. The reason for this information is to assist the auditor in knowing where to go when an audit is called for.

2. In Care Of

Indicate the name of the contact person, either someone in the company, an independent accountant, bookkeeper, or whomever has access to the books and records for audit purposes.

3. Telephone

Indicate the telephone number of the contact person.

4. Records Maintained At This Location

Indicate in this area the types of records, if any, that are maintained at the location that has been designated as the business location.

APPLICATION FOR CERTIFICATE OF REGISTRATION — USE TAX SECTION IV: CALIFORNIA RECORDS INFORMATION

225.060

1. Location

You will indicate in this area the physical address where the books and records located in California are actually kept.

2. In care of

Indicate the name of the contact person, either someone in the company, an independent accountant, bookkeeper, or whomever has access to the California located books and records for audit purposes.

3. Telephone

Indicate the telephone number of the California records contact person.

4. Records Maintained At This Location

Indicate in this area the types of records, if any, that are maintained at the location that has been designated as the business location.

5. Other Board Account Numbers

List all other Board account numbers the taxpayer may have, i.e. FV, FW, etc.

6. Projected Annual Gross Sales in California

This area is self-explanatory. This amount should be what the taxpayer expects to achieve after the first year in business.

7. Projected Annual Taxable Sales in California

This area is also self-explanatory. This amount should be what the taxpayer expects to achieve after the first year in business.

8. Are you engaged in Business in a Transaction District?

See Subsection **215.000** for further information on use tax accounts and special taxing jurisdictions. Also, check the appropriate box in this section.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR CERTIFICATE OF REGISTRATION — USE TAX SECTION V: CERTIFICATION

225.065

The application may be signed by the owner, if a sole-proprietor, a partner, or a corporate officer. Only one signature is needed in this section. In the case of a limited partnership, the general partner must sign.

The signature must be followed by the title of the signer, e.g.:

Sole Proprietorship

Elsa Salas *Owner*

Partnership or Husband and Wife Co-ownership

Tina Louise Trevizo *Partner*

Corporation

Beverly Burns *Vice President*

Fiduciary

Teri Latham *Receiver*

Fraternal Organization

Peter Trevizo *Grand Knight*

For Board Use Only (Back)

This area serves to identify what was given the taxpayer upon completion of the registration process and by whom.

See Subsection **225.040**, for instructions on completing the “Board Use Only” Section of a BT-400-MCR application.

APPLICATION FOR CONSUMER USE TAX ACCOUNT (TAX PROGRAMS: SU, SV) SECTION I: OWNERSHIP INFORMATION

225.070

1. Please Check Type Of Ownership.

Check the most correct box to indicate the type of organization applying for a permit. The types of ownerships listed vary from application to application. If the box titled “OTHER” is checked, that ownership should be adequately described. When the ownership consists of a husband and wife only, with both names appearing on the application, check the box titled “husband and wife co-ownership”.

2. If Corporation, Enter Full Corporate Name.

See CPPM Section **225.045**, number 2.

3. Federal Employer Identification Number (FEIN)

See CPPM Section **225.045**, number 3.

4. Corporate Number/State of Incorporation

Enter the number the Secretary of State stamps on the Articles of Incorporation. This is the acknowledgment that the corporation is registered as a corporation and is registered to do business in California. If the entity was incorporated in a state other than California, identify that state.

5. Full Name (first, middle, last)

Owners, Partners or Corporate Officers

Each owner, each corporate officer and each partner should be identified in the appropriate section. Refer to CPPM Section **225.020**, number 2 and CPPM Section **225.045**, number 5, depending on the type of ownership.

6. Address (residence)

See CPPM Section **225.020**, number 3.

REGISTRATION

APPLICATION FOR CONSUMER USE TAX ACCOUNT (TAX PROGRAMS: SU, SV)

SECTION I: OWNERSHIP INFORMATION

(CONT. 1) 225.070

7. Telephone (residence)

See CPPM Section **225.020**, number 4.

8. Daytime Telephone

This telephone number may be for the business for which the permit applies, or it may be the taxpayer's regular daytime work telephone number.

9. Social Security Number

See CPPM Section **225.020**, number 5.

10. Driver License Number

See CPPM Section **225.020**, number 6.

11. Signature

- **Sole Proprietors:** The application must be signed by the owner.
- **Corporations:** A corporate officer must sign for a corporation registered as a general partner. Only one corporate officer is required to sign for a corporation or a corporate general partner.
- **General Partnership:** In the case of a general partnership, a copy of the signed partnership agreement should be obtained in addition to the signature of one partner. If no partnership agreement exists, or if one is not provided, each partner must sign the application in Section I.
- **Limited Partnerships** For limited partnerships a copy of the signed partnership agreement **must** be obtained in addition to the signature of one **general** partner. in Section I.

The signature of a person other than the applicant may be accepted only when accompanied by an original, notarized Power of Attorney granting the person authorization to sign.

In no case should an employee of the Board sign the application for the taxpayer. If the taxpayer is illiterate and unable to sign his/her name, an employee may witness her/his mark.

Section II: Business Information

1. Business Name

See CPPM Section **225.025**, Section II number 1.

2. Business Address (Do not list P.O. Box or mailing service)

See CPPM Section **225.025**, Section II number 2.

3. Mailing Address (if different from No. 2 above)

See CPPM Section **225.025**, Section II number 3.

4. Description of Business

A description of the business in general terms such as "Restaurant", "Hardware Store, Retail", "Service Station", etc., will be entered in this section. Additional descriptive phrases may be used to detail the business as a further aid to assignment of the proper business code. If several types of activity are conducted, all should be indicated, but underline the principal activity.

Check the appropriate "Type of business" box. If taxpayer is engaged in several types of activity, check the box which applies to the principal activity which you underlined.

5. What Will You Purchase From Out Of State?

Explain briefly what will be purchased from an out of state seller to be used in California.

6. Date Purchases Began In California

Enter the date of the first, earliest purchases of tangible personal property for use in California.

7. Bank Information

See CPPM Section **225.025** Section II, number 15.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATION FOR CONSUMER USE TAX ACCOUNT (TAX PROGRAMS: SU, SV) (CONT. 2) 225.070

8. Major Suppliers

Enter the name and address of the taxpayer's major suppliers along with a brief description of those items being purchased.

9. Name Of Accountant/Bookkeeper

Enter the name, address and telephone number of the taxpayer's accountant or bookkeeper, if applicable.

10. Business Landlord

Enter the name and address of the landlord where the business is located, if applicable.

11. Projected Monthly Purchases

Enter the average amount of money that will be spent on purchases from sellers outside of California for use in California.

12. Projected Monthly Tax

Establish this estimate from the information provided in item 11 on this form. Multiply the average monthly purchases by the prevailing tax rate and enter in this area.

Section III: Certification

The application may be signed by the owner, if a sole-proprietor, a partner, or a corporate officer. Only one signature is needed in this section. In the case of a limited partnership, the general partner must sign.

The signature must be followed by the title of the signer, e.g.:

Sole Proprietorship

Elsa Salas *Owner*

Partnership or Husband and Wife Co-ownership

Tina Louise Trevizo *Partner*

Corporation

Beverly Burns *Vice President*

Fiduciary

Teri Latham *Receiver*

Fraternal Organization

Peter Trevizo *Grand Knight*

For Board Use Only (Back)

This area serves to identify what was given the taxpayer upon completion of the registration process and by whom. See Subsection **225.040**, for instructions on completing the "Board Use Only" Section of a BT-400-MCU application.

General

The on-line registration system eliminated the need for districts to create a file folder for each new account. The information captured with the on-line registration system reduces the need to create files, but does not eliminate the need altogether. There will be instances when a file should be created. Following are guidelines for when a file might be created for certain areas of interest. Keep in mind these are only guidelines and if at any time you feel a folder should be established, by all means do so.

When a file folder is created in the district, you must place a “Y” in the “Dist File” area of the Account Maintenance screen.

Revocations

- **Do Not Create A File**

Generally, a file will not be created the first time an account is revoked. However, meaningful notes should be entered in the comments section of the on-line registration system as to significant actions taken to clear the initial revocation. When a BT-16 is done to clear a revocation or the revocation results in a DNO, a statement to that effect should be made on a Comment Screen.

- **OK To Create A File**

If the account becomes revoked again, then a file may be created to store related working papers. Also stored in the file would be a system print of the taxpayer’s most current personal, bank and other information that would be helpful in clearing any subsequent revocations. If the situation warrants, obtain a photocopy of the account registration documents from the Taxpayer Records Section. Keep in mind that information on the registration system should be the most current information.

Close-Outs

- **Do Not Create A File**

A file **should not** be created if a close out has no successor, no delinquency, no accounts receivable, no fixtures and equipment to sell and no inventory to dispose of, nor should a file be created for a DNO. Generally, files should also not be created for temporary accounts.

- **OK To Create A File**

A file **may be created** for closed out accounts that must clear the sale of fixtures and equipment, dispose of any remaining inventory, or be followed up for a possible successor. Any delinquencies or accounts receivable items are tracked by an automated system. The decision to create a file to follow these two items would be up to the district.

Security

- **OK To Create A File**

The Board’s current security policy would dictate that when security is requested for an account, that account or taxpayer has had problems with the Board or is a corporation with limited or no assets. If this is the case, a file may be created to house pertinent documents to substantiate those problems or the basis upon which security was required or guarantees were accepted.

- **If You Do Not Create A File**

If a file is not created, appropriate remarks must be made in the comments section. The security documents can then be block filed in the district security file.

COMPLIANCE POLICY AND PROCEDURES MANUAL

CREATING A DISTRICT OFFICE FILE FOLDER

(CONT. 1) 225.075

Escrows

- **OK To Create A File**

A file may be created in unusual circumstances. A file could also be created when the escrow request has been received prior to the closing of the account. If the close out process cannot be completed, the escrow information must be stored until the process can be completed. There may be pieces of information that need to be gathered in order to successfully close the account out and issue the proper clearances.

- **If You Do Not Create A File**

If a file is not created, appropriate remarks must be made in the comments section to supplement the close out information screens.

Legal Status Accounts

- **Do Not Create A File**

When an account goes into bankruptcy and a BT-143 is not required, no file should be created. There should be a comment screen added, indicating that a particular taxpayer has filed bankruptcy. The comment screen should note the particulars of the bankruptcy.

- **OK To Create A File**

When a BT-143 is required, a file could be built to store any items pertaining to the account and the bankruptcy or probate.

Collection Status Accounts

- **OK To Create A File**

Currently, for almost every aged collection case a collector has in his or her collection bin, case notes contain every collection action ever taken against the taxpayer. The notes gathered for active accounts can be used for reference if another collection item arises for the same account. For old collection cases, (normally closed out accounts) the notes are kept for historical purposes. These notes, in some cases, go back several years, especially on closed out accounts. A file should be established to make sure this information is maintained for future reference.

Audits and Determinations

- **OK To Create A File**

When an audit is being done or has been completed and the district has not made other arrangements to store the completed audit, a file folder could be created. Some districts currently maintain a separate file folder for completed audits. This practice can continue.

When BT-1043-D's and BT-414-B's are done, a file could be created. Usually, there is a compelling reason to create these documents in the first place. There is already a problem with the account and these two determination documents are a possible solution to that problem. A file may have already been created by the time one of these documents is prepared.

- **Do Not Create A File**

There is also no reason to create an account file folder if the audit folder practice is in place.

REGISTRATION

CREATING A DISTRICT OFFICE FILE FOLDER

(CONT. 2) 225.075

Miscellaneous

- **OK To Create A File**

If an account has more than 6 subs, you may wish to create a file. This would help in keeping any changes to those subs in proper perspective. If one or more of the subs were sold, a file folder would be helpful in storing the documentation for those sales.

A file may also be created at any time the need arises.

- **Do Not Create A File**

You should not create files in every permissible case. This defeats the purpose of having information available on-line. Keep in mind that all the Board of Equalization's automated systems will sit on the Teale Data Center mainframe in the near future. As other systems are transferred to the Teale Data Center, we may have to revisit the criteria for establishing a file folder. As the migration progresses, more and better access to on-line registration information will decrease the need to keep a paper file in the district.

Comments Screen

The Comments Screen should be used as a substitute for as much paper as possible.

- If a taxpayer indicates by letter or other fashion that he or she has changed the business, personal, or mailing address, make the address change to the on-line system and indicate via the Comments Screen the type of change and why it was made.
- If a taxpayer is being investigated for audit purposes, make a note of this on the Comments Screen.
- The Comments Screen is a method of recording the history of an account as the Board moves to eliminate paper files in almost every case..

APPLICATIONS FOR TEMPORARY SELLER'S PERMIT (TAX PROGRAM: ST)

225.090

Section I: Ownership Information

See CPPM Section [225.020](#) for Individuals and Partners.

See CPPM Section [225.045](#) for Corporations and Organizations.

Section II: Business Information

1. **Corporation/Organization/Association Full Name**

Enter the full legal name of the corporation, organization or association applying for the permit.

2. **Corporate Number**

Enter the corporate number if applicable.

3. **Owner/Co-owners/Partners**

Enter the full name including full middle name of the owner, co-owner or partner. See CPPM Section [225.020](#) number 2.

4. **Physical Address Of Event**

Enter the full physical address of where the selling event is being held.

5. **Period Of Event**

Enter the inclusive dates (first day of sales and last day of sales) of the event.

6. **Admission Charged?**

Check the appropriate box. If admission is charged, then all items sold are taxable.

7. **What Will You Sell?**

Enter a brief description of what will be sold.

COMPLIANCE POLICY AND PROCEDURES MANUAL

APPLICATIONS FOR TEMPORARY SELLER'S PERMIT (TAX PROGRAM: ST) (CONT. 1) 225.090

SECTION II: BUSINESS INFORMATION (CONTINUED)

7a. Number Of Locations

Enter the number of different locations from which the taxpayer will be selling. If two or more a list of all the physical addresses must be attached.

8. Mailing Address For Owner/Organization

Enter the full mailing address of the owner or person responsible for reporting the sales made by the organization obtaining the temporary permit.

9. Mail To Attention Of

Enter the specific name of the individual who will receive information concerning the temporary permit.

10. Daytime Telephone

Enter the telephone number where the contact person can be reached during normal working hours.

11. Bank Information

Enter the name, address and account number of the taxpayer's checking and savings accounts. These accounts can be either personal or business accounts.

12. Sponsor Of The Event

Enter the name, address and telephone number of the group or organization putting on the event. This normally will not be the person or organization applying for the temporary permit.

13. Cost Of Rental Space

Enter the cost being charged as rental for the space where the taxpayer's items for sale will be displayed.

14. Projected Sales

Enter the amount of projected sales.

Section III: Certification

See CPPM Section [225.035](#).

For Board Use Only

This area serves to identify what was given the taxpayer upon completion of the registration process and by whom.

Security Review. Indicate whether a Form BT-1009, Notification of Conditional Security Requirement, or Form BT-598, Notice of Security Requirements, has been issued. If a Form BT-598 has been issued, indicate the amount on the line provided. Indicate by signature on the line provided, who issued the BT-1009 or BT-598 and who approved the decision, if applicable.

Furnished To Applicant. Check the appropriate square that indicates what information was given the taxpayer. An area is available to write in those items given the taxpayer not previously identified on the form.

The On-Line Registration System will provide a help screen suggesting what regulations and pamphlets should be given the taxpayer.

REGISTRATION

CODING GRID ENTRIES

230.000

OVERVIEW

230.005

The application forms that were used prior to express registration and the on-line registration system used a coding grid to define certain parameters associated with an account. The coding grid is no longer used. However, the grid information is still required and is entered via on-line registration.

You will find that the on-line registration system offers choices for some of the required coding information. All you need to do is make the proper choice and the system enters the information for you. The background provided in this section will allow you to make the proper selections.

Subjects within this subsection are generally discussed in the same order they appear across the on-line registration screen.

TAX PROGRAM

230.007

The tax program is made up of two letters. The first letter represents the major tax program, i.e., “S” for “S”ales and Use Tax, “F” for Use “F”uel Tax, etc. The second letter represents the subprogram within a major tax program, i.e., “R” for regular seller, “S” for special seller. Once the tax program has been assigned, it cannot be changed by just altering the letters in this field. The addition or subtraction of sublocations will automatically cause the tax program to be changed. The tax program also determines which type of tax return is to be furnished to the taxpayer.

BASIS CODES

230.010

The entry in this space is the alphabetical code for the reporting basis:

M	Monthly
Q	Quarterly
Y	Yearly
F	Fiscal Yearly
QP	Quarterly Prepay

BUSINESS CODE

230.020

Business codes are extremely important to the Board’s compliance, audit and administrative programs. The importance of accurate coding cannot be overemphasized.

The business code consists of two digits ranging from 01 through 99. There are 74 codes for full-time permittees, and one code for part-time and temporary permittees. The 74 codes are divided into six major groups.

1. Retail Group, consisting of 48 major classes identified by code numbers ranging from 01 through 67. Except for the Itinerant Vendor code 28 and Part-Time Seller code 29, these codes are assigned only to applicants who plan to maintain an established place of retail business on a full-time basis (such as a retail store).
2. Itinerant Vendors, code 28.
3. Business, Personal and Repair Service Group, consisting of 14 classes identified by code numbers within the range 70 through 89, excluding 82, 83, and 86.
4. Construction and Building Materials Group, identified by code number 82. This class is limited to contractors making improvements to real property, and all manufacturers and wholesalers of lumber and building materials.
5. Manufacturers and Wholesalers Group, consisting of 11 classes identified as 83, 86 and 90 through 99. This group contains all full-time permittees engaged in manufacturing or wholesaling of any property other than lumber and building materials.
6. A separate code, 29, has been established for most part-time permittees. An account determined to be “part-time” uses “29” regardless of type of business.

See the Business Taxes Code Book for index of business codes.

COMPLIANCE POLICY AND PROCEDURES MANUAL

TAX AREA CODE

230.030

When you are at the point where you must determine the proper tax area code, the on-line registration system provides several choices. Place the cursor on the correct tax area code and press the enter key. If an in-lieu entry is also required, the system will prompt you to make that selection.

Following is an explanation of the break down of the tax area code.

Sales and Use Taxes

Tax area codes are used by the Board to distribute local taxes to appropriate jurisdictions and as a basis for developing statistical data. An index of tax area codes may be found in the Business Taxes Code Book and in the Uniform Local Sales and Use Tax Section of the Business Taxes Law Guide.

The tax area code is composed of twelve digits:

1. The first group of five digits consists of a two-digit county code, followed by a three-digit code denoting city or unincorporated area of each county.
2. The second group is a three-digit code identifying any “add-on” special taxing jurisdictions in which the account may be located.
3. The third group is a four-digit code representing “in-lieu” areas, such as redevelopment agencies.

Groups two and three will consist of zeros for locations not within special taxing jurisdictions or redevelopment areas. Even though the on-line system provides a choice of tax area codes, to determine the correct code the following is helpful.

For example, Huntington Park might show a tax area code of 19018–036–0001, broken down as follows:

19	018	036	0001
County Code	City Code	“Add-On” Code	“In-Lieu” Code
<i>See Code Book</i>	<i>See Code Book</i>	<i>See Code Book</i>	<i>See Code Book</i>
110.50	110.55 and 110.60	110.65	110.70

City and County Codes

Under provisions of the Bradley–Burns Uniform Local Sales and Use Tax Law, the Board of Equalization contracts with local taxing jurisdictions (cities, counties) to collect the local portion of the sales and use tax and remit these amounts to the local entities.

Every city and county has been assigned a five-digit code for local tax allocation purposes.

The first two digits, from 01 to 59 signifies county, statewide or county proportional allocation.

- Code 01 to 58 identify an individual county in California for local tax allocation.
- Code 59 identifies all counties collectively for statewide allocation.
- Code 59 followed by “999” signifies local tax is proportionately allocated to all counties.

The last three digits in the five-digit code indicate the specific taxing jurisdiction to receive the local tax.

- If the local tax is to go exclusively to the county indicated by the first two digits, the final three digits will be 998.
- If the tax is to be apportioned among the county and all local tax jurisdictions within the county indicated by the first two digits (countywide allocation), the final three digits will be 999.

(continued on next page)

REGISTRATION

TAX AREA CODE

(CONT. 1) 230.030

CITY AND COUNTY CODES (CONTINUED)

- In almost all cases where the final three digits of a tax area code are between 001 and 997, the local taxing jurisdiction is an incorporated city. The exception is when an individual code has been assigned for statistical purposes to an unincorporated area tentatively designated a city. A business located in this area would not be within city limits.
- TC (tentative city) designations identify specific areas in unincorporated county territory so local authorities may receive information from the Board as to the amount of local tax revenue that would be allocated to the specific area should it become an incorporated city. Areas identified with TC (tentative city) are codes which cannot be within any city limits. Tax area codes for consolidated accounts will be explained in CPPM Subsection **245.000** et seq.

Add-On Code

The “add-on” portion of the tax area code identifies those tax districts for which an additional (or added-on) transactions (sales) and use tax is assessed, such as BART and SCTA. These positions of the tax area code consist of zeros for selling locations not in “add-on” districts. Numeric “add-on” codes within the tax area code replaced the former alpha Special Taxing Jurisdiction Identifier on January 1, 1986.

In-Lieu Code

The “in-lieu” portion of the tax area code identifies the special taxing jurisdictions (usually redevelopment agencies) which receive their share of the local tax directly from the Board rather than through the county or city. These positions of the tax area code consist of zeros for locations not within “in-lieu” jurisdictions. The codes for each “in-lieu” area are consecutively numbered as each new special taxing jurisdiction contracts to have the Board administer the ordinance.

In-lieu codes may be found in Business Taxes Code Book Section 110.071.

Consolidated Accounts

For consolidated accounts, the allocation system will take information from expanded tax area codes on each sublocation.

Types of Consolidated Accounts

1. All sublocations within the same tax area code, add-on code, and in-lieu code (all tax area codes for all sublocations are identical):
 - use “SX” tax program
 - master permit will carry the same tax area code, add-on code and in-lieu code as its subs
2. Different sublocation tax area codes, add-on codes or in-lieu codes exist:
 - Use “SY” or “SZ” tax program
 - “Add-on” and “in-lieu” codes will be assigned to each selling location (subpermit) according to its specific business location
 - City portion of the tax area code for the master permit will be “000”
 - If no sublocations located within a special taxing jurisdiction, use “000” for the master location “add-on code”; or,

COMPLIANCE POLICY AND PROCEDURES MANUAL

TAX AREA CODE

(CONT. 2) 230.030

TYPES OF CONSOLIDATED ACCOUNTS (CONTINUED)

- If one sublocation is located within a special taxing jurisdiction, also use the add-on code for that specific sublocation as the master location “add-on code”; or,
- If two or more sublocations are located within a special taxing jurisdiction, use “997” as the master location “add-on code”; they may, however, be different special taxing jurisdictions
- The master permit will have the “in-lieu” code of “0000” regardless of how many in-lieu codes may be involved on sub-permits for the account

See CPPM Section **245.000** for more detailed instructions on consolidated accounts.

OWNER CODE

230.040

The owner code is generated automatically by the on-line registration system when you choose a client/taxpayer and request a taxable activity registration (TAR). When a client/taxpayer is registered for a Taxpayer Identification Number (TIN) an “Entity Type” code is assigned. This entity type code, which is a one to one relationship to the TIN, generates the owner code automatically.

The chart below illustrates the conversion:

TIN Entity Type	Code	TAR Ownership Type	Code
Corporation	C	Corporation	C
Estate	E	Estate	E
Federal Government	F	Federal Government	F
Other Government (State/Municipal)	G	Government	G
Individual *	I	Sole Proprietor	S
Jurisdiction	J	Jurisdiction (allocation only)	J
Limited Partner	L	Limited Partnership (LP)	L
Husband & Wife Co-ownership	M	Husband & Wife Co-ownership	M
Organization/Association	O	Organization or Association	O
Partnership or Co-ownership	P	Partnership or Co-ownership	P
Receivership/Fiduciary	R	Receivership/Fiduciary	R
Trust	T	Trusts	T
Joint Venture	V	Joint Venture	V
Limited Liability Company (LLC) *	Z	Limited Liability Company (LLC)	D

** The TIN entity type code is not the same as the TAR ownership type code*

ORIGINAL STARTING DATE

230.050

This is a six-digit code indicating the month, day and year in which the account was originally established. This entry will determine whether or not tax returns need to be furnished to the taxpayer.

General

Effective September 30, 1994, Senate Bill 469 authorized the formation of a new business entity called a limited liability company, that can afford its members the same legal liability protection as shareholders of a corporation. A limited liability company (LLC) shares characteristics of both partnerships and corporations. LLC's formed under California statutes are considered domestic LLC's.

LLC's required to register with the Secretary of State must file Articles of Organization which set forth:

- The name of the LLC
- The latest date on which the LLC is to dissolve.
- A statement of purpose.
- The name and address of agent for service of process.
- A statement as to how the LLC is to be managed.

Requirements

- Foreign LLC's may be exempted from registering with the Secretary of State if not "transacting intrastate business" as defined in SB 469 section 17001. This should not be confused with the definition of "retailer engaged in business in this state" under Revenue and Taxation Code Section 6203 which remains a determining factor in whether a Foreign LLC (LLC's organized in other states such as Texas and Delaware) is making taxable sales in California.
- Domestic LLC's are required to have at least two members.
- Foreign LLC's may have only one member.

Organization

- The Articles of Organization may provide that the LLC shall be managed by one or more managers who may, but need not, be members or natural persons. If no manager(s) is designated, management is vested with the members.
- Manager's fiduciary duties to the LLC and its members are those of a partner to a partnership.
- In addition to managers and members, an LLC may have officers who may, but need not, be a member or manager. Appointment of officers shall be specified in the Articles of Organization or in an operating agreement.
- Regular meetings of members or managers are not required unless expressly called for in the articles or operating agreement.

Authorization To Transact Business

- Upon registration with the Secretary of State, SB 469 authorizes both foreign and domestic LLC's to transact business in this state. Therefore, Revenue and Taxation Code Section 6005 was amended by this legislation to include limited liability company in the definition of "person".
- Additionally, R & T Code Section 6829 was amended to provide that any officer, member, manager, or other person having control or supervision can be held personally liable for sales tax to the same extent as corporate officers upon termination, dissolution, or abandonment of a domestic or foreign LLC business.
- This legislation also provides that both the Secretary of State and the Franchise Tax Board shall have the authority to suspend the powers, rights, and privileges of an LLC for violating certain provisions of the Corporations Code and the Revenue and Taxation Code respectively.

COMPLIANCE POLICY AND PROCEDURES MANUAL

LIMITED LIABILITY COMPANIES

(CONT. 1) 230.055

Articles of Organization, LLC-1 and LLC-12

- The Articles of Organization, LLC-1, does not include the names of managers and members. Accordingly, the applicant must provide all required information regarding managers and members at the time of registration.
- The best source for manager/member information is the Secretary of State's Limited Liability Company Statement of Information, Form LLC-12. The form must be filed with the Secretary of State within 90 days of the filing of the Articles of Organization.
- If the applicant has the LLC-12 but it has not been filed with the Secretary of State as evidenced by the Secretary of State's bar code and LLC number in the bottom right hand corner of the form, the applicant should be instructed to send us a copy of the form after it has been filed.
- If the applicant does not provide a copy of the LLC-12 within 90 days, a copy of the LLC-12 should be obtained by contacting the Secretary of State's LLC Unit, P.O. Box 944228, Sacramento, CA 94244-2280, Telephone (916) 653-3795.

Completing The Application

Applications

- The BT-400-MCO/MIP will be used to issue seller's permits.
- To minimize confusion, the tax technician should ascertain the type of ownership prior to providing the taxpayer with an application and assist the taxpayer in completing the BT-400.
- If the taxpayer requests mail registration, be sure to advise the taxpayer this form is undergoing revision, and that modifications as detailed below are necessary to accommodate LLC's. Articles of Organization (Form LLC-1 for domestic LLC's or Form LLC-5 for foreign LLC's) should accompany applications.
- The LLC form must have the Secretary of State's bar code and LLC number at the lower right-hand corner of the form.

Single LLC's

- Application Form BT-400-MCO will be used to register a single LLC as the permittee.
- Check Limited Liability Company (LLC) as the type of ownership in Box Number One.
- Enter the full LLC name as it appears on the Articles of Organization in Box Number Two.
- Box Number Three will be completed as usual.
- Enter the LLC number in Box Number Four and identify accordingly.
- Boxes Five through Eleven will be used for information on managers and members. If, according to the Articles of Organization, the LLC is to be managed by one or more managers, obtain complete data on the manager(s) and use additional sheets as necessary to list the member as you would for limited partners.
- If management is vested in the members, obtain complete data on all the members.
- If a manager is other than a natural person, i.e., a corporation, enter the name on Line Number Five, the BA on Line Number Six and skip Lines Seven, Nine and Ten.
- Use a separate sheet to list corporate number and officer information in these situations. The balance of the application should be completed as usual and all applications need to be signed by the manager or managers, as the case may be.

REGISTRATION

LIMITED LIABILITY COMPANIES

(CONT. 2) 230.055

Managers

- If the Articles of Organization designate that one or more managers will run the business affairs of the LLC, their names should be entered.
- If the manager(s) are also members, they count towards the two member minimum for domestic LLC's.
- If you have one manager or more than one manager who are not members, you must still enter two members in addition to the manager(s) because LLC's are required to have at least two members (foreign LLC's may have only one member).
- If management is vested in the members, complete personal information on all members should be entered.

LLC's As General Partners

- When registering a partnership between an LLC and another entity, such as a corporation, use application Form BT-400-MIP.
- Whenever a "partner" is not a natural person, Boxes Three through Eleven do not apply. Attach a separate sheet to include information on additional partners, including the respective managers, members, or corporate officers of each partner entity.

Account Maintenance Issues

The first to occur of the following events will trigger the automatic dissolution of an LLC and may require follow-up at the district level to determine the proper close-out date:

1. At the time specified in the Articles of Organization.
2. Upon the happening of events specified in the Articles of Organization or a written operating agreement.
3. By vote of a majority in interest of the members, as may be specified in the Articles or Organization or a written operating agreement.
4. Except as otherwise provided in the Articles of Organization or a written operating agreement, upon the death, withdrawal, resignation, expulsion, bankruptcy, or dissolution of a member unless the business of the limited liability company is continued by a vote of all the remaining members within 90 days of the happening of that event.
5. Entry of a decree of judicial dissolution.

Districts should be cognizant of these events when conducting routine account maintenance, or when an LLC is being worked for a delinquency/accounts receivable/revocation or bankruptcy.

Security

Because of the limited liability of managers and members, security deposits will be required from all LLC's that meet the \$500 minimum, unless the LLC has sufficient interest in real property in this state to obviate that necessity.

COMPLIANCE POLICY AND PROCEDURES MANUAL

ACCOUNT ANALYSIS CODE

230.060

The following entries will be made in fields located on the bottom of the registration screen.

Sales Tax Accounts

- Sellers of Motor Vehicle Fuel (gasoline) will be identified with a “G” in the account analysis field.
- Sellers of gasoline who are also gasoline brokers will be identified with a “B” in the account analysis field.
- Sellers of gasoline who are also gasoline distributors will be identified with a “D” in the account analysis field.
- Sellers qualifying for the sales tax short form return will be coded with an “S” in the account analysis field.
- Sellers who sell at swap meets, flea markets and other special events will be identified with an “M” in the account analysis field. Those taxpayers coded with an “M” are not eligible to receive the sales tax short form. Therefore, if an account is already coded with an “S” in this field and they qualify to be coded with an “M”, the latter coding will prevail.
- Warehouse locations of out-of-state seller’s who do not have selling locations in California are identified with a “W” in the account analysis field.

These entries flag sellers accounts so they receive the appropriate sales tax return.

Consumer Use Tax Accounts

The Account Analysis & Control section is not used. Make NO ENTRIES in the Account Analysis Code for Consumer Use Tax accounts.

EXCEPTION CODE: ACCOUNTANTS’ MAILING CODE

230.080

General

Returns may be mailed in bulk directly to accountants servicing five or more taxpayers. These accountants are assigned tax return mailing code numbers ranging from 00001 to 99989.

When an accountant is assigned a mailing code number or the mailing address of an accountant already assigned a number changes, the Account Analysis & Control Section will update the accountant information via the on-line registration system.

Issuance of Accountant’s Code

In order to obtain an accountant’s mailing code, an accountant must submit a request showing the name and account number of five or more taxpayers whose returns he/she is to receive, along with signed authorization from each taxpayer asking that the returns be mailed to the accountant. Form BT-91 (Permittee Authorization to Send Tax Returns to Accountant) is designed for this purpose; however, a letter from the taxpayer indicating their account number, the name and address of the accountant and the mailing code number assigned to the accountant may be accepted in lieu of Form BT-91.

Authorizations taken in the field should be forwarded to Headquarters Account Analysis & Control Section. Existing accounts must have the accountant’s code added or changed by the Account Analysis & Control Section. All requests to add or alter the Accountant Code file must be submitted to the Account Analysis & Control Section.

Accountant Closes Practice

When Headquarters is notified that an accountant is no longer in business, the Account Analysis & Control Section will cancel the accountant’s code number. The accountant code will be removed from the taxpayer’s registration record.

REGISTRATION

EXCEPTION CODE: ACCOUNTANTS' MAILING CODE

(CONT. 1) 230.080

Accountant Change of Ownership

If an accounting business has a mailing code number and subsequently changes ownership, the new owners may not retain the code number. The new accounting firm owners must obtain new authorizations (BT-91 or equivalent) from their clients and apply for their own mailing code number.

Mail Distribution

Explain to both the accountant and the taxpayer that only returns will be mailed to the accountant for an account having the accountant exception code. All other mail will be sent to the mailing address of record for the taxpayer.

An annual listing of names and addresses of permittees whose returns are mailed directly to accountants summarized by accountant mailing code number and district will be provided to field offices for audit selection purposes.

EXCEPTION CODE: RETURNS MAILED TO FOREIGN COUNTRY (UNISYS ONLY)

230.081

When the taxpayer furnishes an out of country mailing address, a 99991 will be displayed in the exception code area of the Unisys account record.

EXCEPTION CODE: MULTIPLE EXCEPTIONS (UNISYS ONLY)

230.082

When an account on a special reporting basis has additional exceptions added to the normal mailing of returns, the special reporting basis exception code "99990" will be displayed on the Unisys registration record.

SPECIAL RETURN PROCESSING CODE (UNISYS ONLY)

230.085

The following special return processing codes are displayed on the Unisys registration record to flag certain categories of accounts for informational purposes only.

- Code 1 signifies an account on prepayment status.
- Code 2 signifies an account with an entry in the Exception Code portion of the coding grid.
- Code 3 signifies an account on prepayment status and with an entry in the Exception Code portion of the coding grid.

EXTENSION CODE: PERMANENT EXTENSION OF TIME GRANTED TO CERTAIN POLITICAL SUBDIVISIONS

230.090

The entry "30" is made in this space when the taxpayer has been granted a permanent extension of time within which to file each return. This will result in the code "30" appearing in the return heading for identification purposes.

A general one-month extension is granted to all municipalities, school districts and other political subdivisions of this state. The one month blanket extension is also granted to the Department of Finance for all state agencies. Interest will not be assessed against a state agency providing it files its sales tax or use tax claim with the State Controller on or before the due date of the tax return.. See Subsection 535.060.)

EXTENSION CODE: CODING TAX RETURNS FOR RETURN ANALYSIS

230.091

All codes in the extension block, except for the automatic extension Code 30, are exclusively reserved for use by the Return Analysis Section and can be assigned only with the approval of a supervisor or Business Taxes Specialist in that Section.

BRP (BASIS REVIEW PROTECT CODES)**230.095**

Annual basis reviews examine the payment history of all sales and use tax accounts to determine if they are on the proper reporting basis. The average amount of tax paid over the most recent 12 months determines the correct basis. The annual basis reviews are initiated automatically causing taxpayers to receive computer generated notification letters and changes in basis are made without field office review.

In addition, in March of each year, the review of Accounts Reporting No Sales identifies accounts which have not reported sales in the past year. This review initiates a letter to each taxpayer identified advising that their permit will be canceled unless they respond and establish to the Board's satisfaction that their permit is still required.

Because all the basis reviews and the review of accounts not reporting sales are automatic, it is advantageous to have a method of excluding individual accounts from the annual reviews.

Basis Review Protect Codes and Descriptions

Codes entered in the BRP on-line registration field are used to exclude an account from certain annual basis reviews. This field is displayed after the business code field on the registration screen. There are three different codes available to exclude an account from review. The actual on-line assigning of BRP codes requires a security level 6 (supervisor or designee) in order to ensure a second controlled review before an account is removed from prepayment status or has a BRP assigned. Only one code can be assigned to an account as follows:

- Alpha character “A” will exclude an account from all annual reviews except the Annual Sales Tax Prepayment Basis Review. Code “A” may be appropriate for an account assigned a more frequent reporting basis for collection purposes which would otherwise automatically be assigned a less frequent basis. An account legally required to retain a permit which is not presently making sales would be another example. The account would otherwise be identified for possible close-out each year.
- Alpha character “B” will exclude a sales tax account from the Annual Sales Tax Prepayment Basis Review only. An account coded “B” will be included in all annual reviews except the prepayment basis review. Code “B” may be appropriate for an account with a taxable sales pattern with one excessively high month or quarter which causes their average monthly taxable sales for the test period to exceed the \$17,000 prepayment threshold. A college bookstore might be an example. A gasoline seller which clearly qualifies for an exclusion from prepayment under §6471.4 might also appropriately be coded “B”.
- Alpha character “C” will exclude an account from all annual reviews. Accounts coded “C” might include out-of-state voluntary Certificate of Registration — Use Tax accounts which have requested a particular reporting basis.

Assigning Codes

BRP codes should only be assigned in cases where it is clearly established that a particular reporting basis is desirable and/or necessary for efficient control of the account. A taxpayer's desire to remain on a particular reporting basis should not, in and of itself, be reason to exclude an account for review.

Annual List of Accounts with BRP Codes

Annually, each district administrator will receive a list of all accounts in their district which have a BRP code. The list is informational only and will not require a response.

REGISTRATION

REPORTING BASIS

235.000

SALES TAX PREPAYMENTS

235.010

Criteria

- Upon written notification by the Board, any taxpayer who has an estimated measure of sales and use tax liability (taxable sales) of \$17,000 or more per month, as determined by the Board, must make prepayments regardless of the volume of taxable sales, until notified by the Board to discontinue prepayments.
- Furthermore, after December 31, 1992, any taxpayer who has an estimated sales tax liability of \$50,000 or more per month, must make their prepayments via the Electronic Fund Transfer (EFT) process.
- On January 1, 1995, the threshold for mandatory participation in the EFT program dropped to \$20,000 in tax per month.
- An account must always be placed on a quarterly prepay reporting basis when the anticipated volume of business indicates prepayments will be required.
- The taxpayer will be given a Form BT-1241-C which explains the requirements in regard to the filing of prepayments and serves as a written notification the account has been placed on a prepayment basis.

Changing From Prepayment Reporting Basis

- If the account meets the criteria for prepayment status, it will not be changed to a different reporting basis without good reason (e.g., for better control — automatic cite for revocation instead of the manual procedure shown in Subsection 550.130).
- Moreover any change would be temporary as all accounts qualifying for prepayment are automatically placed on prepayment basis each January 1. (See CPPM Subsection 325.045.)
- If the account meets the criteria for EFT, the account may be removed from prepayment status only when the average sales tax liability for the prior 12 months drops below the \$20,000 level and the taxpayer submits a written request to be removed from the EFT program. If the taxpayer does not make the written request, but remains below the \$20,000 threshold, the account will remain in EFT status, however the account will revert to a voluntary EFT account rather than a mandatory EFT account.

LATE APPLICATION FOR A SELLER'S PERMIT BY AN ACCOUNT WHICH QUALIFIES FOR PREPAYMENT

235.015

If the seller applies for a permit prior to the starting date, the effective date of the prepayment status is always the date the seller actually starts business.

Normally, sellers who qualify for a prepayment status and apply for a seller's permit after the date business started will be placed on a "regular" quarterly reporting basis and changed to prepayment status effective the first day of the succeeding quarter. However, they may be placed on prepayment status immediately if:

- 1) it would not cause the account to be delinquent, and
- 2) the taxpayer agrees that no personal hardship would ensue.

Notice of Prepayment Status, Form BT-1241-C, will be given to the taxpayer at the time of application showing the effective date of prepayment. The taxpayer should also be informed of the reason he/she was not placed on a prepayment status as of his/her starting date, if such is the case. The on-line registration system is date sensitive, therefore an account may initially be placed on a regular quarterly reporting basis while the prepayment indicator may be placed in the reporting basis field using a future effective date.

COMPLIANCE POLICY AND PROCEDURES MANUAL

REPORTING BASIS GUIDELINES

235.025

Sales Tax Accounts

Sales tax accounts with start dates between July and December, which would qualify for yearly basis, should be assigned a fiscal yearly basis (F). Fiscal yearly accounts report on a fiscal year which begins July 1 and ends June 30 of the following year, with returns due on or before the last day of July following the close of the fiscal year.

GUIDELINES

Anticipated Tax Accrual Per Month

\$0 to \$100
\$101 to \$300
\$301 to \$1,200
\$1201 to \$49,999
\$20,000 and over

Assign Reporting Basis

Y (Yearly) or F (Fiscal Yearly*)
Q (Quarterly)
M (Monthly)
P (Quarterly Prepayment)
P (Quarterly Prepayment)**

* Sales tax accounts with start dates between July and December, which would qualify for yearly basis, should be assigned a fiscal yearly basis (F).

** Must be placed in the EFT payment program.

REGULAR REPORTING BASIS

235.065

Regular reporting basis is one that is concurrent with the calendar month, quarter or year. For example, the full month of January, the full first quarter of January, February and March or the full year, beginning January 1 and ending December 31.

A regular fiscal year basis is one which would begin July 1 of any year through June 30 of the next year.

(See CPPM Subsection [235.025](#).)

SPECIAL REPORTING BASIS

235.070

Some sellers may request to report on a special basis. For example, instead of reporting for a calendar month of January, the seller may wish to report for the period December 27, 1993 through January 26, 1994. In this case, a special monthly basis may be assigned.

Special monthly, quarterly or yearly basis may be assigned to a seller. However, before this can be done, a request to be placed on a special reporting basis must be submitted to the Account Analysis Section. A proposed two-year reporting calendar must also be submitted for review. If approved, the special reporting calendar will be input in the on-line registration system so the taxpayer receives timely returns.

REGISTRATION

DIFFERENT CLASSES OF SALES TAX ACCOUNTS 240.000

OVERVIEW 240.005

Sales and Use Tax programs allow both single outlet accounts, consisting of a single selling location, and multiple outlet accounts, consisting of two or more selling locations. Single outlet accounts are discussed in this subsection. Multiple outlet accounts, called “consolidated accounts”, are discussed in CPPM Subsection [245.000](#).

SINGLE-OUTLET ACCOUNTS 240.010

Four types of single outlet sales tax accounts exist:

1. Regular sellers, tax program code “SR”
2. Classified sellers, tax program code “SR”
3. Special sellers, tax program code “SS”
4. Temporary sellers, tax program code “ST”

“Regular Sellers”, “Classified Sellers” and “Special Sellers” differ from each other only in the manner in which local tax is handled. “Temporary Sellers” differ from the other three in length of operation. A decision table to assist you in determining which tax program to use for single outlet sales tax accounts may be found in CPPM Section [240.035](#).

REGULAR SELLERS 240.020

Single outlet accounts requiring no special allocation of local tax and no special or supplemental tax returns or schedules are considered “regular sellers”. These accounts constitute the majority of sales and use tax accounts administered by the Board.

CLASSIFIED SELLERS 240.030

Classified sellers are single outlet sales tax accounts, but due to the nature of business, require special allocation of local taxes by the Board. The Board has determined that classified sellers with local tax amounts less than \$600 per year do not require special schedules or tax returns to be prepared by the taxpayer. Distribution of local taxes is done by computer using a mathematical formula. Examples of “classified sellers” might include construction contractors, mobile auto repair facilities, vending machine owners, door-to-door sales, and persons who regularly conduct business in various temporary locations.

If an account originally coded as a classified seller increases in taxable sales volume beyond the \$600 annual local tax threshold, the account becomes a “Special Seller”, and is required to break down sales by county. See CPPM Subsection [240.040](#) for additional discussion of special sellers.

Classified sellers’ permits are coded “SR”, with the third through fifth digits of the area code ending in “999”. “999” codes flag the account for further distribution of local taxes. For example, a classified seller in Ventura County would have an area code of: 56-999-000-0000.

Additional discussion of specific types of classified sellers may be found in CPPM Section [255.000](#), et seq.

COMPLIANCE POLICY AND PROCEDURES MANUAL

DECISION TABLE — SPECIAL SELLERS, CLASSIFIED SELLERS

240.035

Single Outlet Codes for:

Area Code, Local Tax Code, Tax Program, Office Code

CONDITION	A	B	C	D	E	F	G	H
Auctioneer or Construction Contractor	Y	Y						
Itinerant Vendor or Vending Machine Operator			Y	Y				
Sellers who purchase ex-tax for use at locations not requiring a permit					Y			
Out-of-state seller with in-state business address*						Y	Y	
Seller located in fringe area**							Y	Y
Out-of-state or fringe area seller with NO in-state business address								Y
Local Tax LESS than \$600 per year		Y						
Large scale business with installations in 2 or more counties			Y					

ACTION	A	B	C	D	E	F	G	H
Enter Tax Program "SS"	X ¹		X ¹		X ¹		X ¹	X ¹
Enter Tax Program "SR"		X ¹		X ¹		X ¹		
Third through fifth digits of area code are "999"		X ²		X ²			X ²	X ²
Area code to in-state business location	X ²		X ²		X ²	X ²		
Use office code in OH, OHA, OHB, or OHC						X ³		X ³
Use office code of fringe area office								X ³
Use office code of in-state office responsible for business address							X ³	

* See map of District OH Areas of Responsibilities, CPPM Section 270.160

** See map of Fringe Areas, CPPM Section 270.100

For additional guidance for accounts with books and records out of state or in fringe areas see Section **270.000**.

REGISTRATION

SPECIAL SELLERS

240.040

Special sellers, like classified sellers, are also single outlet accounts requiring further allocation of tax by the Board. Special sellers:

- Require sales tax returns containing Schedule B, “Allocation by County of Local Tax,” normally due to local tax exceeding \$600 per year.
- Special sellers’ permits are coded “SS”; it is this code which determines whether tax returns containing Schedule B are sent.
- Special seller taxpayers must complete Schedule B, detailing by county where taxable sales were made. These returns are then manually processed in Headquarters to further distribute local taxes.

Further discussion of special sellers may be found in CPPM Section [265.000](#).

TEMPORARY SELLERS

240.050

Temporary sellers typically operate a selling operation with a duration of one month or less.

- Examples of selling operations qualifying as temporary are Christmas tree lots, carnivals, rummage sales and fireworks stands.
- The Board may issue a temporary permit, however, for up to 90 days if necessary.

Further discussion of temporary sellers may be found in CPPM Section [250.000](#).

COMPLIANCE POLICY AND PROCEDURES MANUAL

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REGISTRATION

CONSOLIDATED ACCOUNTS — REGISTRATION

245.000

CONSOLIDATED ACCOUNTS DEFINED

245.005

A consolidated account is a sales tax account with two or more selling locations for which a single tax return is filed. No seller should be required to hold a consolidated permit if he/she prefers to file a separate return for each selling location.

MASTER LOCATION DEFINED

245.010

Consolidated sales and use tax accounts are issued to a “master location”, which generally is the location of books and records necessary for audit. A master location does not necessarily need to be a selling location, hence a master location may be in one district, with all selling sublocations located elsewhere.

A master permit is only an authorization to file consolidated returns, not to make sales of tangible personal property. As stated in the previous paragraph, the master location of a consolidated account is generally the address at which the books and records necessary for audit are maintained. The location of an out-of-state accountant or bookkeeper, as is common in franchise operations, is not a master location.

If a sales location is also the master location, a subpermit and a consolidated permit are required for that location. Because a master location may not have a permit as a place of business, enforcement or punitive measures regarding master locations may not be available to the Board.

“SX” Consolidated Accounts

Tax program “SX” is a consolidated account with all sublocations located within the same taxing jurisdiction. The master location for an “SX” account may be in another district or another county, yet the area code will be shown for where the sublocations are situated.

For example, a taxpayer operates two sublocations within the city of Ventura, with an area code of 56020–000–0000, but books and records for audit purposes (master location) are in North Hollywood. The permit will be issued as follows:

Tax Program: “SX”

Master location: North Hollywood

Office of control: AC — Van Nuys (which has administrative responsibility for accounts in North Hollywood)

Area code on master: 56020–000–0000

See also CPPM Subsection [230.030](#) for further discussion of area codes for “SX” accounts.

SUBLOCATION DEFINED

245.015

A “sublocation” is one of two or more business locations from which sales of tangible personal property are made, and for which sales are reported under a single sales and use tax account number.

Sublocations are usually found with sales tax programs “SX”, “SY” and “SZ”, but occasionally are found with temporary accounts “ST”. Sublocations for tax programs “SY”, “SZ”, and (generally) “ST” are not in the same taxing jurisdiction. “Taxing jurisdiction” includes a city, unincorporated county area, Special Taxing Jurisdiction (formerly known as “Transit District”), or redevelopment area, because each may receive a portion of taxes collected as a result of Bradley/Burns Local Tax or statute. See also CPPM Subsection [230.030](#) for additional information.

COMPLIANCE POLICY AND PROCEDURES MANUAL

PERSONS TO WHOM ISSUED

245.020

As a general rule, consolidated permits may be issued to sellers having two or more selling sublocations in one or more taxing jurisdictions, provided the district determines it is in the best interest of the taxpayer and the Board. Those sellers who do not maintain their records in a manner enabling them to report conveniently on a consolidated basis should be encouraged to file separate returns even though they meet the requirements for being issued a consolidated permit.

CONSOLIDATED ACCOUNTS IN A SINGLE TAXING JURISDICTION

245.025

Consolidated accounts issued to persons having two or more locations within the identical taxing jurisdiction require no further allocation of local tax. (Accounts with the same 12 digit area code for all locations.) They are always assigned account numbers with the tax code “SX”. Accounts coded “SX” file a regular sales and use tax return with no special schedules. Once each year these accounts are sent a list of all locations of record and a letter requesting confirmation of existing locations. Also, taxpayers are requested to inform the Board of new or unlicensed outlets, or outlets which moved or closed out. (See CPPM Subsections [245.010](#) and [230.030](#).) For temporary accounts (tax program “ST”), please refer to CPPM Subsection [245.060](#).

REGULAR CONSOLIDATED ACCOUNTS REQUIRING LOCAL TAX ALLOCATION

245.030

Consolidated accounts issued to persons having locations in more than one taxing jurisdiction require further allocation of local tax. (Accounts with some difference in area codes of locations.) They are assigned account numbers with tax code “SY” or, as explained in the following section, “SZ”. In addition to the consolidated return, taxpayers receive Form BT-530, Schedule C — Detailed Allocation by Suboutlet of Uniform Local Sales and Use Tax, to provide for allocation of tax by sublocation. (See CPPM Subsection [230.030](#).) For temporary accounts (tax program “ST”), please refer to CPPM Subsection [245.060](#).

CONSOLIDATED ACCOUNTS — SPECIAL SELLERS

245.035

“SZ” tax program is a consolidated “Special Seller” (“SS”) account. These are consolidated accounts issued to persons who are special sellers, as described in CPPM Subsection [265.000](#) et seq., and have two or more locations. They are always assigned account numbers with the tax code “SZ”. In addition to the consolidated return, these taxpayers receive Form BT-530, Schedule C — Detailed Allocation by Suboutlet of Uniform Local Sales and Use Tax, to provide for allocation of tax by sublocation. A schedule on the reverse side of the consolidated return provides for allocation of tax by counties.

CONSOLIDATED ACCOUNTS — ITINERANT VENDORS

245.040

Itinerant vendors in general are discussed in CPPM Subsection [260.010](#).

Generally, an itinerant vendor will indicate an address where the books and records of the business are located and a location where most of their sales will take place. The question arises: “What happens when the location of the books and records becomes a selling location?” Whenever a particular location becomes a selling location, that place must be added to the account as a sub-location. This will cause the account to be changed from an “SR” account to an “SY” or “SX” account.

REGISTRATION

CONSOLIDATED ACCOUNTS — ITINERANT VENDORS

(CONT. 1) 245.040

Following are four examples which should help in determining proper account coding:

1. When an itinerant vendor, whose residence is listed as the original business location and whose local tax allocation is under \$600 per year, decides to sell at a swap meet, the original business location will become Sub 0001 with an area code of XX999 and the swap meet location will become Sub 0002 using the specific area code for the swap meet.
2. When an itinerant vendor, whose residence is listed as the original business location and whose local tax allocation is under \$600 per year, decides to open up a permanent retail location, the original business location will become Sub 0001 with an area code of XX999 and the permanent retail location will become Sub 0002 using the specific area code for that retail location.
3. An itinerant vendor whose local tax allocation is over \$600 per year and all, or substantially all, sales are made in one county should be an “SR” account with an area code of XX999. If sales are made on a large scale in more than one county and the local tax is more than \$600 per year, the account should be coded “SS” with the area code of the permanent business address.
4. How should an account be coded when an itinerant vendor whose residence is listed as the original business location and whose local tax allocation is over \$600 per year decides to open up a permanent retail location? If all, or substantially all, the vendor’s operations are made in one county, Sub 0001, the original business location, will be coded XX999 and Sub 0002, the retail selling location, will be coded to the appropriate local area code and the tax program will be “SY”. The account will become an “SZ” only if the local tax on itinerant sales are over \$600 per year, and not generally confined to the county of residence.

APPLICATIONS — CONSOLIDATED ACCOUNTS

245.045

- Information recorded on Forms BT-400-MIP and MCO, Application for Seller’s Permit, is used to establish new consolidated accounts.
- Form BT-400-CS is used to record outlets being added to a new or existing consolidated account and may accompany Forms BT-400-MIP/MCO or BT-400-MT to Central Files.
- Form BT-400-CS lists all locations for which permits are to be issued under the master permit for which tax will be included in the consolidated returns. As explained in CPPM Subsection 245.010, the master location does not necessarily have to be a selling location.

BT-400-CS, SCHEDULE OF BRANCHES FOR CONSOLIDATED ACCOUNT

245.050

Form BT-400-CS was extensively redesigned in March 1989 to accommodate future on-line geographic files. Separate spaces have been added for the numeric and street portions of the address, phone number, ZIP code, and county for each sub location. Addition of a county entry is particularly valuable for Local Tax area code verification where postal delivery areas cover multiple counties. This form should be sent to Central Files when appropriate. When this form is used and sent to Central Files make the following note on the form; “Cleared for filing”.

Start Date

“Sub-Permit Start Date” entries must be in a month-day-year format, such as “02-01-89”, “04-07-89”, and so forth. Prepare Form BT-400-CS and other pertinent forms by typing or legibly printing entries.

(continued on next page)

COMPLIANCE POLICY AND PROCEDURES MANUAL

BT-400-CS, SCHEDULE OF BRANCHES FOR CONSOLIDATED ACCOUNT

(CONT. 1) 245.050

Exact Location Verification

Many post office delivery areas overlap city and/or county boundaries. As a result, proper verification of the exact location of a sublocation in some areas is very difficult. For example, the city of Watsonville is an incorporated city within Santa Cruz County with area code 44052-041-0000. Sales within the city of Watsonville are subject to a 8.25% sales and use tax rate. Watsonville postal delivery also includes unincorporated portions of Santa Cruz County (44998-041-0000). Immediately across the Pajaro River to the south are unincorporated portions of Monterey County (27998-032-0000, 7.75% tax rate) and San Benito County (35998-015-0000, 7.75% tax rate) served by the same Watsonville post office. There are streets in all three counties which have same or similar names. A similar situation exists in Folsom (Sacramento, El Dorado, and Placer Counties); Thousand Oaks, Malibu, (Ventura and Los Angeles Counties); and Los Gatos (Santa Clara and Santa Cruz Counties). The importance of accurate coding for sublocations has become even more important and cannot be overemphasized, and for this reason the "County" for each sublocation must be entered.

Not All Selling Locations In California

Sublocations must be located within California. Many consolidated accounts have sublocations in California, and also fill orders to California consumers from out-of-state locations. When this situation is encountered, the taxpayer becomes a "special seller" (See CPPM 240.040 for the definition of "special seller"). No separate sublocation is established at the out-of-state location, but sales to in-state consumers made from the out-of-state location must be reported, and local taxes plus any applicable Special Taxing Jurisdiction taxes allocated to the purchaser's county on Schedule B of the sales and use tax return. Use the tax code "SZ" for this type of account ("SZ" tax program is a consolidated "Special Seller" ("SS") account). Special returns containing Schedule B, Allocation by County of Local Tax, will be sent.

Fiscal Impact Of Errors

Errors in assigning tax area codes will result in the improper distribution of local tax revenues unless Board records are timely corrected prior to distribution of the tax. Such misallocations directly impact local government finances because the correct recipient is denied expected funds and the jurisdiction receiving the local tax in error may make important fiscal decisions based on overstated amounts. An improper distribution followed by a subsequent correction can have a material effect on the jurisdictions involved. For this reason, the importance of accurate coding cannot be overemphasized.

APPLICATION FOR TEMPORARY CONSOLIDATED ACCOUNT

245.060

Form BT-400-MT is prepared in conjunction with Form BT-400-CS, Schedule of Branches for Consolidated Accounts, in order to establish a temporary consolidated account.

- Use tax code "ST" for all temporary accounts (whether consolidated or not). Unlike consolidated tax programs "SX," "SY," and "SZ", temporary consolidated accounts are treated like a single outlet temporary account.
- The instructions for preparation of Form BT-400-T, as provided in Section 250.000 et seq., will apply.
- The decision tables in CPPM Subsection 245.075 and Section 110.035 of the Business Taxes Code Book do not apply to consolidated temporary accounts.
- For consolidated temporary accounts with books and records located in a fringe area or out-of-state, assign an area code for the master location as though the account was a single outlet account. Use the decision table in Section 110.035 of the Business Taxes Code Book to assist you in determining the proper area code.
- **IMPORTANT!** You must furnish the taxpayer with Form BT-530-A, "Schedule C — Detailed Allocation by Suboutlet of Uniform Local Sales and Use Tax." See CPPM Subsection 510.070.

REGISTRATION

PERMITS FOR GASOLINE STATIONS OPERATED TEMPORARILY BY OIL COMPANIES

245.065

- Oil companies holding subpermits for their service station locations will not be required to close out the subpermit when a lessee takes over the operation of the location and obtains a permit.
- The oil companies may keep the subpermit active to allow for their operation of the location in the event the lease is terminated.
- The companies will include in their sales and use tax returns transactions for the stations they operate temporarily.

RETAILERS OF GASOLINE QUALIFYING AS RETAILERS UNDER SECTION 6015

245.070

A retailer of gasoline sold at markets and similar businesses may be approved to operate under Section 6015.

- In such cases, the retailer is issued a consolidated permit with a subpermit issued for each fixed location.
- The account is assigned the tax code "SY" as part of the account number to provide for mailing of Schedule C for proper allocation of local tax.
- The operators at locations where gasoline is furnished by the companies approved under Section 6015 will not be liable for, or required to include, gasoline sales in their returns.

CONSOLIDATED ACCOUNTS — DECISION TABLE

245.075

CONSOLIDATED ACCOUNTS (2 OR MORE BUSINESS LOCATIONS)

CONDITION	A	B	C
All business locations in a single taxing jurisdiction	Y		
Businesses located in 2 or more taxing jurisdictions		Y	
* Special Sellers reporting MORE than \$600 in Local Tax per Year			Y

ACTION	A	B	C
Enter Tax Program "SX"	X ¹		
Enter Tax Program "SY"		X ¹	
Enter Tax Program "SZ"			X ¹
Area code to business locations	X ²		
Third through fifth digits of area code are "000"		X ²	X ²

* Auctioneer, Construction Contractor or Vending Machine Operator

For accounts where the master location is situated outside California see decision table at Section 110.035 of the Business Taxes Code Book.

COMPLIANCE POLICY AND PROCEDURES MANUAL

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REGISTRATION

TEMPORARY SELLERS

250.000

OVERVIEW

250.005

Temporary permits are issued to cover a selling operation of a temporary nature normally lasting no longer than 30 days duration at one location.

- These permits are usually issued for rummage sales, Christmas tree sales, fireworks stands, carnivals, and similarly limited operations.
- Taxpayers who hold seller's permits for permanent places of business, and also conduct operations of a temporary nature at places such as fairs or carnivals, are not required to hold separate permits for temporary operations.
- Holders of regular seller's permits should be instructed to report their sales on the return filed under their regular permit numbers and to attach Form BT-530-A, Schedule C, to the return to provide a breakdown of the tax.
- Before furnishing the schedule, the district must enter "TEMPORARY LOCATION" and the name of the event at the top of the schedule and complete Columns 1 and 2.

TEMPORARY SELLERS: BOOKS AND RECORDS OUT-OF-STATE

250.006

Temporary sellers whose books and records are located out of state will be issued accounts with the office of control determined in the same manner as a single location regular sales and use tax account.

The decision table in Section 110.035 of the Business Taxes Code Book will assist you in determining the correct office of control.

TEMPORARY SELLERS — ON-LINE REGISTRATION

250.010

Temporary sellers are registered in the same manner as "regular" sellers. The only difference is that the dates of operation will be entered into the system the step before account confirmation. This information will be used by the on-line system to generate a sales and use tax return for the proper monthly period. The return will act as the seller's permit card. Form BT-442 will not be printed for a temporary account.

TEMPORARY SELLER'S PERMITS — IN EXCESS OF 30 DAYS

250.020

The following procedure will be followed when issuing temporary seller's permits for periods in excess of 30 days.

- The reporting period on the BT-400-MT, Application for Temporary Seller's Permit, will always be monthly and the business code is a preprinted "29".
- Dates for the actual period of operation will be entered in Section II, item 5 of the application.
- The dates of operation will be recorded on the on-line registration system at the time of permit confirmation.
- Only one return will be printed by the on-line system and the delinquency system will create only one return shell for the entire period of operation.

COMPLIANCE POLICY AND PROCEDURES MANUAL

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REGISTRATION

REGULAR SELLERS

255.000

OVERVIEW

255.005

Regular sellers are single outlet sales tax accounts requiring no further special allocation of local taxes by the Board. Regular sellers receive sales tax returns with no extra schedules for allocating local tax by county (Schedule B). Examples of “regular sellers” might include part-time sellers, service industries, single-outlet retailers, and home businesses.

Regular sellers’ permits are coded “SR”, with the third through fifth digits of the area code ending in numbers from “001” through “998”.

CONCESSIONAIRES

255.010

Concessionaires, for sales and use tax purposes, are retailers who operate on another person’s business premises, with that other person holding a permit. A concessionaire operating in this manner may or may not hold a seller’s permit. Concessionaires who hold sellers’ permits are liable for tax.

If a concessionaire does not hold a permit, the permit holder for the premises upon which the concessionaire is allowed to operate becomes liable for all of the concessionaire’s tax. Taxes generated by concessionaire sales should be reported and paid on the permit holder’s regular sales and use tax return.

When concessionaires are found operating without a permit, the permit holder for the premises upon which concessionaire activities are occurring should be contacted and informed of potential or actual liability.

Reference: Sales and Use Tax Regulation 1699

SALESPERSONS, ORDER TAKERS

255.020

Salespersons and solicitors who merely take merchandise orders, then turn the order over to their employer for filling and passage of title and possession to the buyer, are not considered retailers and do not require a seller’s permit.

Order takers may accept down payments or collect on delivery, but if they do not acquire title to merchandise being sold or possession of property with authority to pass title, they are not required to hold a seller’s permit.

Orders solicited in California for an out-of-state retailer who does not hold a Certificate of Registration — Use Tax, and who maintains no California place of business, must be reported by the solicitor or order taker on an information use tax return each quarter. Refer these cases, when discovered, to the Out-of-State District (District OH) for further investigation. Cases of this sort are rare because an out-of-state seller who has solicitors, salespersons or order takers in California is required to hold a Certificate of Registration — Use Tax.

Section 6203 of the Sales and Use Tax Law includes “retailers engaged in business in this state”; therefore, Board personnel should be alert to recognize and report sales activities of representatives and solicitors of out-of-state retailers operating within their districts (retail sales only, as Section 6203 does not apply to sellers whose sales are all for resale). Such sales might be called to the field’s attention through complaints of local retailers, by observation of the activities of sales representatives, examination of record of purchasers, and advertising placed in local newspapers. The most efficient enforcement program will be accomplished by individual initiative to follow through promising leads to register the out-of-state seller.

The following sources of information, though not inclusive, should prove helpful in locating out-of state retailers who may be engaged in business in California:

- Truck, railroad, and airplane terminals
- Public warehouses
- State agencies, such as Division of Corporations, Franchise Tax Board, Consumer Affairs — Contractor’s State License Board, Department of General Services — Office of Procurement, and Department of Food and Agriculture
- City Clerk’s Office (Business Licenses)

COMPLIANCE POLICY AND PROCEDURES MANUAL

HOBBYISTS AND PART-TIME SELLERS

255.030

Hobbyists, part-time sellers, or other persons who make sales or exchanges of property as a sideline activity are required to hold seller's permits if their sales are sufficient in number, scope and character to constitute an activity requiring a permit.

BARBER, BEAUTY SHOPS AND SERVICE BUSINESS

255.035

Barber shops, beauty salons and other "service businesses" are consumers of tangible personal property, usually incidental to their professional services. No seller's permit is required unless sales of cosmetics, wigs, or other retail items occur more than occasionally.

SWAP MEETS, FLEA MARKETS AND SPECIAL EVENTS

255.045

Section 6073 of the Revenue and Taxation Code, subsection (c), defines "Swap meet, flea market, or special event" as an activity involving a series of sales sufficient in number, scope and character to constitute a regular course of business, or any event at which two or more persons offer tangible personal property for sale or exchange and at which a fee is charged for the privilege of displaying such property for sale or exchange or at which a fee is charged to prospective buyers for admission to the area where such property is offered or displayed for sale or exchange.

Special events would include trade or specialty shows, fairs, festivals and similar limited-term promotional events.

Sellers at these meets, markets and events who are offering merchandise for sale are required to obtain seller's permits and collect tax on their sales. The only exceptions to the permit requirements would be persons selling exempt food products not for consumption on the premises, such as fruits or vegetables, and occasional sellers. Occasional sellers would only include those persons whose sales are of such limited number, scope, and character that their activity does not require the holding of a seller's permit. A person who is disposing of unwanted household items normally accumulated in day-to-day living, such as when cleaning out his/her attic or garage, and does this no more than twice in any twelve month period, would be considered an occasional seller. However, sales by a person who maintains an inventory, even if the goods are kept at home and that person rarely goes to the swap meet, is of a business character and that person is required to hold a seller's permit. The vast majority of persons participating in swap meets and other events are sellers required to obtain permits. Refer to Regulation 1595 for further information regarding occasional sales.

Canvassing of these events by field personnel to check or issue permits is not always possible nor is it always practical. Existence of itinerant sellers cannot be ignored and permit requirements must be uniformly enforced. Regular enforcement of Section 6073 will result in uniformity which meets this goal in both the Board's dealings with swap meet, flea market and special event operators (hereafter referred to as "operators") and the operators' relationships with sellers.

Section 6073 places a special obligation on operators. The Board requires operators as a prerequisite to renting or leasing space on the premises owned or controlled by such operator to a person desiring to engage in or conduct business as a seller, to obtain evidence that the seller is the holder of a valid seller's permit, or a written statement from the seller that he or she is not offering for sale any item which is taxable. Operators may comply with these seller verification provisions by obtaining a written statement from each prospective seller which clearly indicates the seller's status. Several forms are available for this purpose.

The following forms are currently in use for data collection at these events: BJ 107 and BT-410-D. The BJ 107 (formerly OCCIB 56) is a Department of Justice form created under Business and Professions Code Section 21663. Revenue and Taxation Code Section 6073.1 indicates completion of this form is compliance with Section 6073's seller verification provisions and no additional forms will be required by the State Board of Equalization. If this form is not used, then the equivalent information may be obtained using the Board's form BT-410-D.

REGISTRATION

SWAP MEETS, FLEA MARKETS AND SPECIAL EVENTS

(CONT. 1) 255.045

Field offices will identify swap meets operating within their geographic area of responsibility. Office staff will take proper action to educate operators and sellers to assure compliance with the law, and will verify that sellers attending these events are properly registered. Cooperation with the operator is the most desirable method to reach individual sellers. Advance schedules of events should be obtained on a regular basis, and operators contacted to allow individual sellers sufficient lead time to comply with Board requirements.

Operators will be notified of the provisions of Revenue and Taxation Code Section 6073 (Form BT-410-A is recommended) and informed that permission to sell at the function should be refused to any prospective seller unless written verification of a valid seller's permit (or other appropriate certification) is obtained. Form BT-410-B should be supplied for display on the premises during the event.

Section 6073 places additional record keeping obligations on operators. Operative January 1, 1993, the Board can require an operator to submit a listing of vendors conducting business on the operator's premises as a seller. The Board can impose this requirement up to three times each calendar year for each operator, and the Board's request shall be in writing. Refer to Section 6073 for the specific information authorized to be collected. Records must be retained to the same extent as provided in Section 7053. Regulation 1698, Records, sets forth the specific time period.

Failure by an operator to comply with either the seller verification provisions of Section 6073 or the list submission requirements will subject that operator to a one thousand dollar (\$1,000) penalty for each offense, which is assessable by the Board.

LOCAL TAX

When the operator of an event is an itinerant, the operator's account should be converted to consolidated, tax code SY or SZ, and a subpermit should be added for each location. The operator will then receive Form BT-530, Schedule C — Allocation of Local Tax by Sublocation.

Taxpayers who hold a seller's permit for permanent places of business and also make sales at temporary locations, such as swap meets, flea markets, fairs, and other special events, are not required to hold separate or subpermits for those temporary sales locations. Taxpayers should complete Form BT-530-B, Local Tax Allocation for Temporary Sales Locations (Schedule C), and file it with their sales tax return.

Proper allocation of local tax on the returns of swap meet sellers is an important concern. To provide a system for proper allocation of the local tax, a special account identification has been created. All sales tax accounts where sales at swap meets, flea markets and special events are planned should be coded with an "M" in the account analysis code. Auctioneers, business code 88, are not to be assigned account analysis code "M". Accounts bearing the "M" account analysis code, with the exception of SY and SZ accounts, will receive Form BT-530-B, Local Tax Allocation for Temporary Sales Locations. SY and SZ accounts, which automatically receive Form BT-530 (Schedule C) with their tax returns, should enter the local tax allocation on that form. Form BT-530-B may be distributed directly to operators and cities to assure that all taxpayers required to file this form receive it.

"Recurring locations", those at which sales are made at least once a year, will be added as consolidated sublocations to the affected permit. Form BT-530-B provides check boxes for indication of recurring locations. Accounts which indicate a recurring location on Form BT-530-B will automatically be converted to consolidated and have subpermits added in Headquarters. Close out of sublocations and conversion of affected accounts from consolidated to single location will be performed in the field offices. Any questions which cannot be answered by field staff should be directed to the Local Revenue Allocation Section.

COMPLIANCE POLICY AND PROCEDURES MANUAL

SWAP MEETS, FLEA MARKETS AND SPECIAL EVENTS

(CONT. 2) 255.045

FOLLOW-UP

“Pre-working” of the event is effective only when adequate follow-up is maintained. Names of sellers and permit numbers should be obtained from the operator and verified against the registration file. If permits are found to be invalid, appropriate action will be initiated to secure compliance. The event should be spot checked to assure compliance of the operator and the attending sellers.

Personnel should be particularly vigilant for revoked accounts closed out via reason code “8”. When encountered, immediate contact with the district of control must be made for background and assistance. Under no circumstances should revoked sellers be ignored.

DETERMINATIONS TO CLEAR DELINQUENT PERIODS

A procedure should be established to detect sellers who, with frequency, obtain a temporary seller’s permit but fail to file returns. Such situations will be remedied through issuance of determinations and withholding or refusal of a permit until the liability has been satisfied. Persons who excessively certify that they are occasional sellers should similarly be treated.

CHARITABLE ORGANIZATIONS

255.050

Sales by charitable organizations are exempt from the sales tax if certain conditions are fulfilled. However, if the retail sales are made by an auxiliary activity, not a part of the qualified parent organization, and not in itself qualifying for exemption, the sales are subject to the sales tax.

Charitable organization whose sales are exempt from sales tax are still required to hold a seller’s permit.

The conditions which must be fulfilled are:

- a. The organization must be formed and operated for charitable purposes, and must qualify for the “welfare exemption” from property taxation provided by Section 214 of the Revenue and Taxation Code.
- b. The organization must be engaged in relief of poverty and distress.
- c. The organization’s sales must be made principally as a matter of assistance to purchasers in distressed financial condition.
- d. The property sold must have been made, prepared, assembled or manufactured by the organization.

Condition (a) is fulfilled if the organization qualifies for the exemption provided in Section 214 of the Revenue and Taxation Code. This exemption must cover the real and/or personal property owned by the organization, and situated at the location from which sales are made. If the organization does not own the real property, it must qualify for exemption of the personal property at that location, i.e., inventory, furniture and fixtures, etc.

Organizations wishing to obtain the property tax exemption must first establish themselves as a “nonprofit organization” with the Secretary of State, and either the Franchise Tax Board or the Internal Revenue Service. Forms to apply for recognition as a nonprofit organization are available from the respective offices of these agencies. Next, they must apply for the “welfare exemption” through the County Assessor of the county in which the property is located by March 15 of each year. The County Assessor forwards the exemption claim to the Board’s Assessment Standards Division where the claimant’s organizational document, activities, and use of properties are reviewed. It is possible that a claimant’s articles of incorporation, etc., would satisfy the statutory requirements but that the use of certain of its property would be such that the property could not be exempted. If the property used at the location from which retail sales are made is not exempt, the organization cannot be granted the welfare exemption nor the sales tax exemption on that property .

The Assessment Standards Division makes a decision and advises the applicant of status either on all or, if there is a difference in use, on individual properties.

Organizations must qualify for property tax exemption every year. If a change in the articles of the organization or method of operation causes failure to qualify for the exemption in any year, sales will be subject to sales tax for that property tax year.

REGISTRATION

CHARITABLE ORGANIZATIONS

(CONT. 1) 255.050

Charitable organizations applying for a sales tax permit should be advised of the exemption requirements. If the date is after the March 15 filing date for the year, they should be advised to make application to the County Assessor to determine whether they would be considered as qualifying. If they obtain a letter from the County Assessor or from the Assessment Standards Division stating that they would be qualified for the exemption, the Board can exempt them from payment of sales tax pending their qualifying at the normal filing time. (A similar letter should be obtained if an organization fails to make timely application in a succeeding year.)

If the organization is unable to obtain a letter from the Assessment Standards Division, advise the organization their sales will be subject to sales tax until the date they actually qualify for exemption. In the absence of proof of qualification for property tax exemption under Section 214, the organization must understand that if the property tax exemption is denied at the regular filing time, they will be required to pay the tax and interest on sales retroactive to their starting date.

In addition to explaining the legal requirements and process for qualifying, the Board representative will also provide the applicant with Form BT-719-A, "Important Notice to Charitable Organizations Applying for Sales Tax Exemption". A notation will be made on the application for seller's permit that Form BT-719-A was furnished to the applicant.

Many applicants are under the impression that they have qualified for the exemption in Section 214 when they complete an application for a seller's permit and sign Form BT-719, "Certificate of Exemption — Charitable Organization". Be sure applicants understand that completion of the Form BT-719 does not automatically qualify an organization for the exemption.

Conditions (b) and (c) are fulfilled if the primary purpose of the organization is to relieve poverty and distress and to aid purchasers by selling its property at reduced prices so as to be of real assistance to the purchasers. Incidental sales to persons other than indigents will not preclude the organization from receiving the benefits of an exempt organization.

Condition (d) is fulfilled when the property is picked up at various locations and brought together (assembled) at one or more locations for purposes of sale, even though nothing further remains to be done to the property to place it in salable condition. Property is deemed "prepared" when it is made ready for sale by such processes as cleaning, repairing, or reconditioning. The fact that an organization otherwise fulfilling condition (d) occasionally makes sales of new merchandise incidental to its principal activities will not result in tax liability on account of such incidental sales.

TAX EXEMPTION FOR NONPROFIT ORGANIZATIONS DISTRIBUTING NEW CHILDREN'S CLOTHING WITHOUT CHARGE

255.051

Nonprofit organizations meeting certain criteria are exempt from payment of state, local, and district sales and use taxes imposed on the sale, use, or other consumption of new children's clothing which is distributed without charge to elementary school children. For purpose of this exemption, nonprofit organization means an organization which meets the following criteria:

1. Is organized and operated for charitable purposes
2. Has exemption status under Section 23701(d) of the Revenue and Taxation Code
3. Is engaged in the relief of poverty and distress
4. Distributes new children's clothing principally as a matter of assistance to recipients in distressed financial conditions

This Board has the responsibility to provide a means of identification of exempt nonprofit organizations. For this purpose, a tax exemption letter signed by the Deputy Director, Sales and Use Tax Department, will be sent to qualifying organizations. This tax exemption letter, when presented at the time of purchase, will permit purchases to be made without payment of sales or use tax.

COMPLIANCE POLICY AND PROCEDURES MANUAL

TAX EXEMPTION FOR NONPROFIT ORGANIZATIONS DISTRIBUTING NEW CHILDREN'S CLOTHING WITHOUT CHARGE

(CONT. 1) 255.051

PROCEDURE FOR OBTAINING A TAX EXEMPTION LETTER

Any nonprofit organization requesting an exemption should do so in letter form. District offices receiving exemption requests should forward them to the Compliance Planning and Evaluation Section.

The Compliance Planning and Evaluation Section will determine the eligibility of each applicant, and an exemption letter will be sent to those who qualify. The exemption letter is valid until revoked.

The Compliance Planning and Evaluation Section is responsible for ensuring that each exempt nonprofit organization continues to meet the exemption criteria. Board records of organizations issued tax exemption letters will be reviewed each year to determine if the exemption should be revoked.

Information regarding any tax exemption issued may be obtained by telephone call or letter to the Compliance Planning and Evaluation Section.

REFUNDS

Refunds of tax paid prior to receipt of the tax exemption letter should be obtained from the vendor. Vendors should be advised to file claims for such refunds with the Headquarters Audit Review and Refund Section.

EXEMPT YOUTH ORGANIZATIONS

255.052

Assembly Bill 520, Klehs, Chapter 116, Statutes of 1990, was enacted effective June 1, 1990. The bill repeals Section 6361.1 and amends Section 6361 of the Revenue and Taxation Code to provide consumer status to any youth group sponsored by or affiliated with a qualified educational institution including, but not limited to, any student activity club, athletic group, or musical group provided the sales of food products, nonalcoholic beverages, and tangible personal property made or produced by their members are made on an irregular or intermittent basis and the profits are used exclusively in the furtherance of the purpose of the organization.

Assembly Bill 520 also continues the provision previously contained in Section 6361.1 to grant consumer status to organizations not specifically named in Section 6361 or sponsored by or affiliated with a qualified education institution which (1) qualify for tax-exempt status under Section 501(c) of the Internal Revenue Code, (2) provide a supervised program of competitive sports or good citizenship for youth, and (3) do not discriminate on the basis of race, sex, nationality, or religion. However, Assembly Bill 520 does not require Board approval to grant consumer status to these youth organizations.

A qualified education institution is defined as:

1. Any public elementary, secondary, or vocational-technical school providing education for kindergarten, grades 1 to 12, inclusive, and college or university undergraduate programs, or any part thereof, operated by any state or local government.
2. Any nonprofit private educational institution providing education for kindergarten, grades 1 to 12, inclusive, and college undergraduate programs, or any part thereof, that meets the requirements of the State Department of Education for a school. "Private educational institution" means any entity providing education which satisfies the requirements of state and local laws pertaining to private educational institutions in effect on January 1, 1990, and which does not discriminate on the basis of race, sex, nationality, or religion.

Irregular or intermittent is defined as associated directly with a particular event, such as fairs, galas, parades, scout-a-ramas, games and similar activities which are not conducted on a regularly scheduled basis. That term includes refreshment stands or booths that are utilized at scheduled events of organized sports leagues, but does not include storefront or mobile retail outlets which ordinarily require local business licenses.

REGISTRATION

EXEMPT YOUTH ORGANIZATIONS

(CONT. 1) 255.052

Presently, Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire Inc., Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boy's Clubs, Girl's Clubs, American Youth Soccer Organization, the California Youth Soccer Association North, the California Youth Soccer Association South, Pop Warner Football, and the Special Olympics, Inc., are youth organizations considered consumers under Section 6361. Other youth organizations which qualify for tax-exempt status under Section 501(c) of the Internal Revenue Code, provide a supervised program of competitive sports or good citizenship for youth, and do not discriminate on the basis of race, sex, nationality, or religion may request consumer status. All questions regarding consumer status for youth groups should be directed to the Compliance Planning and Evaluation Section.

Inquiries about consumer status from youth groups should be answered with an explanation of the provisions of Section 6361 as amended by Assembly Bill 520. Organizations continuing to make sales of non-consumer status items in sufficient size and scope may still need a seller's permit for those items.

School sponsored or affiliated organizations holding a seller's permit and selling only food products, nonalcoholic beverages, and tangible personal property made or produced by their members are being directed to call their local Board of Equalization office to close out their permits. A close out audit should not be recommended.

SALES OF FOOD PRODUCTS BY BLIND OPERATORS LICENSED BY THE DEPARTMENT OF REHABILITATION

255.055

Blind operators of cafeterias where the food is "furnished, prepared or served for consumption at tables, chairs, or counters, or from trays, glasses, dishes, or other tableware whether provided by the state agency or by the Department of Rehabilitation" will be required to have a seller's permit and the blind operator will report and pay the tax.

TEMPORARY RETAIL LIQUOR LICENSE

255.060

The Department of Alcoholic Beverage Control issues a temporary retail liquor license for a \$50 fee when definite conditions are met. The temporary liquor license shall be issued for a period not to exceed 60 days; however, the license may be renewed for an additional 60 day period upon payment of an additional fee.

The fee is exempt from application to any sales or use tax liability owed by the person who paid the fee.

Applicants for a temporary retail liquor license must obtain a seller's permit. Consideration should be given to security requirements, as the temporary retail liquor license does not have any security value.

Should the owner of a permanent liquor license begin the transfer process to a potential buyer and for some reason the transfer does not occur, the owner can be held liable if the potential buyer operated the business under a "management agreement". Under a "management agreement", the ownership does not actually transfer. The liquor license of the business stays in the transferor's name and ABC qualifies the manager since that person is responsible for day-to-day operations. ABC holds the owner responsible for the actions of its manager.

COMPLIANCE POLICY AND PROCEDURES MANUAL

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REGISTRATION

CLASSIFIED SELLERS

260.000

OVERVIEW

260.005

Classified sellers are single outlet sales tax accounts, but due to the nature of business, require special allocation of local taxes by the Board. The Board has determined that classified sellers with local tax amounts less than \$600 per year do not require special schedules or tax returns to be prepared by the taxpayer. (Local tax is 1% of taxable sales, therefore 1% of \$60,000 in taxable sales is \$600.) Distribution of local taxes is done by computer using a mathematical formula. Examples of “classified sellers” might include construction contractors, mobile auto repair facilities, vending machine owners, door-to-door sales, and persons who regularly conduct business in various temporary locations.

Classified sellers’ permits are coded “SR”, with the third through fifth digits of the area code ending in “999”. “999” codes flag the account for further distribution of local taxes. For example, a classified seller in Ventura County would have an area code of: 56-999-000-0000.

ITINERANT VENDORS (TRAVELING PERMITS)

260.010

Persons who maintain no permanent place of business but carry their merchandise with them or solicit orders door to door are considered “itinerant”. Itinerant vendor permits are assigned business code “28”. Examples of itinerant vendors (sellers) might include lunch truck operators, retailers of service station supplies, or persons who travel from town-to-town selling where they can. Sellers should have the permit in their possession when ever making sales. (For temporary operations, see CPPM Section [250.000](#).)

Coding Itinerant Vendors

Itinerant vendors are treated much like vending machine operators. (See CPPM Subsection [265.040](#).)

- If all, or substantially all, sales are made in one county, regardless of local tax revenue involved, code the account “SR” and assign a countywide area code (XX-999).
- If the local tax is more than \$600, and significant amounts of tax are generated in more than one county, code the account “SS” and assign the countywide area code (XX-999 XXX XXXX) for the location of books and records.
- Accounts located in fringe areas and out-of-state, regardless of volume, will have tax program “SS” assigned, and will use an area code of “59-999 000 0000”. This procedure applies only to these specific conditions.

The above criteria for determining tax program and area code will be applied to new accounts at the time of registration and to existing accounts as they are encountered during routine audit or compliance activities.

Mailing and Business Address

The mailing address for a traveling permit holder should be one through which mail will always reach the taxpayer. This address should also be one at which the person may be contacted or at which someone will accept messages or know the person’s itinerary.

A post office box or mail drop location is not acceptable as a business address for in-state accounts, but may be used for out-of-state accounts.

The district in whose administrative area the permanent mailing address of the seller is located is responsible for all audit and compliance functions of this type of account.

BT-291, Information on Sales Made From Temporary or Traveling Location

To assist in controlling itinerant accounts, Board personnel will prepare Form BT-291, Information on Sales Made From Temporary or Traveling Location, for each traveling permit examined when checking fairs, carnivals, or other places where traveling sellers usually operate. After preparation and verification, Form BT-291 is forwarded to the district office responsible for the account.

COMPLIANCE POLICY AND PROCEDURES MANUAL

ITINERANT VENDORS (TRAVELING PERMITS)

(CONT. 1) 260.010

BT-291, Information on Sales Made From Temporary or Traveling Location (continued)

Form BT-291 is an excellent and effective tool for maintaining a high profile compliance image. Legitimate sellers almost always welcome permit checks which reassure them the Board wants all sellers treated equally. When preparing Forms BT-291, the following steps are recommended:

- Check the taxpayer's account on video as soon as possible.
- Contact the district of control immediately if a problem is detected with the account.
- With permission from the district of control, attempt to clear any problems and bring the account into compliance with the law.

These steps are necessary because many taxpayers have moved on by the time Form BT-291 is received by the district of control.

The district, upon receipt of Form BT-291, verifies that the permit is valid, and if a file exists, files the form for future reference in the account folder. When no file exists, the form should be sent to Central Files for filing. You may use the on-line registration system to make a comment concerning the contents of the Form BT-291. If the permit is not valid, immediate action is taken to properly register the seller. All districts are to cooperate fully when requested by another district to aid in bringing an account into compliance with the law.

CONTRACTORS

260.020

General contractors or subcontractors who make improvements to real property and make sales of fixtures are required to hold a seller's permit.

Only those accounts reporting more than \$600 in local tax a year are required to allocate the tax to counties. These accounts are assigned the tax program "SS" as part of their account number to provide for mailing of the special schedule to assure that proper allocation of local tax is made.

Those accounts reporting \$600 local tax a year or less are assigned the tax program "SR" as part of their account number and a countywide area code (XX-999 XXX XXXX).

REGISTRATION

SPECIAL SELLERS

265.000

OVERVIEW

265.005

“Special Sellers” are accounts with tax volumes sufficiently large or operations geographically diverse to require additional steps during return processing. Local tax must be allocated to cities and counties first through determining where sales actually occurred, then for sales made from traveling or itinerant locations or where point of sale cannot efficiently be pinpointed, allocation is performed on a statistical basis.

PERSONS QUALIFYING AS RETAILERS UNDER SECTION 6015

265.010

For efficient administration of the law, the Board may declare certain sellers, wholesalers or distributors as retailers of their products even though they sell to salespersons, representatives or canvassers for resale to consumers. This is done so each of the salesmen, representatives or canvassers is not individually required to hold a seller’s permit. Even though the wholesaler or distributor may or may not desire to be considered a retailer under Section 6015, the final decision in these matters rests with the Board.

In order to assist the Board, whenever a person indicates a desire or need to operate under Section 6015, he/she should be instructed to submit a request in writing to the district or branch of control for the account.

Districts should submit a complete report with a recommendation to approve or deny placement of the account on Section 6015 status. The report will be addressed to the Compliance Planning and Evaluation Section. When the request originates with the taxpayer, the letter of request should be attached to the district’s report, and should contain the following information:

- Name of taxpayer.
- Principal place of business.
- Place of sale (see CPPM Subsection [265.025](#)).
- Account number.
- Products sold and manner of operation.
- Territory covered.
- Number of outlets or salespersons.
- Financial stability and security status (profit and loss statement).
- Estimated annual sales volume.
- Adequacy of records and their location.
- Name, address, and account numbers of all representatives. (If 6015 requester is a large, established distributor/wholesaler, a random sample will be adequate.)
- Copy of the agreement/contract with distributors.

Two additional factors to be taken into account when the reports and recommendations are being completed and reviewed are:

1. To what extent does the wholesaler maintain control over the representatives?

- a. Is the representative handling only the product line of the 6015 requester?
- b. Is there a working contract?
- c. Product flow?
- d. Will all the representatives’ sales be at retail?

2. If approved, could there be an excess tax reimbursement situation?

- a. Review product sold, ultimate retailer/consumer, and taxable/nontaxable sales.

COMPLIANCE POLICY AND PROCEDURES MANUAL

PERSONS QUALIFYING AS RETAILERS UNDER SECTION 6015

(CONT. 1) 265.010

The district's report and taxpayer's request are reviewed by the Compliance Planning and Evaluation Section and directed to the Compliance Program Manager for approval. After approval by the Compliance Program Manager, the Compliance Planning and Evaluation Section will send letters to the retailers notifying them of the disposition of their request. A copy of the taxpayer's notification will be sent to the district to make corrections to the account record, if applicable.

The Compliance Planning and Evaluation Section (CPE) will maintain a file on all approved Section 6015 Retailers. CPE also inputs the 6015 information in the TAR on-line account record.

RESCISSION OF BOARD'S APPROVAL TO OPERATE UNDER SECTION 6015

265.020

If a request is made by the taxpayer to be removed from the status of a retailer under Section 6015, or the district determines that the taxpayer's operations have materially changed and are no longer compatible with Section 6015, the procedure is as follows:

1. **The district of control will submit a complete report with a recommendation to terminate authorization of the seller to operate under Section 6015. The report will include:**
 - a. name, address and account number of the seller.
 - b. a list showing the name and address of former agents and representatives.
 - c. the reason(s) for the recommendation.
2. **When the request has originated with the taxpayer, a copy of his/her letter of request together with the list of agents should be attached to the district's report. The report will be sent to the Compliance Planning and Evaluation Section.**

The district's report and taxpayer's request will be reviewed by the Compliance Planning and Evaluation Section and directed to the Compliance Program Manager for approval. After approval by the Compliance Program Manager, the Compliance Planning and Evaluation Section will send letters to the retailers notifying them of the disposition of their request. A copy of the taxpayer's notification will be sent to the district to make corrections to the account record, if applicable.

CODING FOR RETAILERS UNDER SECTION 6015

265.025

Changes to the Section 6015 program became effective July 1, 1990, and special coding to reflect itinerant status of retail salespersons, canvassers and agents was rescinded. Regulation 1802 was amended at the same time.

- Section 6015 sellers with a single in-state location will be assigned tax program "SR," and the area code will be that of the business location of the retailer, regardless of where door-to-door solicitations of orders occur.
- The regulation provides that the "place of sale" shall be the business location, other than door-to-door solicitations of orders, where principle negotiations are conducted if more than one place of business participates in the sale.
- In the case of door-to-door sales, the customer does not negotiate with anyone other than the sales representative (i.e., no principal negotiations are conducted exclusive of door-to-door solicitation of orders). Therefore, in order to avoid confusion, simplify the requirements imposed upon retailers, establish certainty, and recognize the amount of services provided by local governments, the location from which the merchandise is shipped will be considered the business location which is the "place of sale" when the property is shipped from a location in California.

REGISTRATION

CODING FOR RETAILERS UNDER SECTION 6015

(CONT. 1) 265.025

- If the retailer has a single business office in California but all merchandise is shipped from an out-of-state location, the location of the business office will be considered the “place of sale”.
- If the retailer has more than one business office in California, but all merchandise is shipped from an out-of-state location, the business office in California which receives the order for merchandise and/or directs the activities of the sales representatives who make the sales will be considered the “place of sale”.
- If the retailer has neither a business office nor a location from which merchandise is shipped in California, sales will continue to be allocated to the county of use, which is considered to be the county in which the sales representative operates.

Transaction Taxes

Changes to Regulation 1802 have no effect on the reporting requirements for the Transaction (Sales) and Use Tax. Section 6015 retailers will continue to report and pay transactions (sales) and use taxes on sales made within Special Taxing Jurisdictions (See CPPM **215.030**). Likewise, they must collect and remit use tax when property is sold or leased for use in the district if the property is shipped into or leased for use in the district or the retailer or his/her representatives has participated within the district in making the sale.

See the decision table at the end of this section.

Reference: Regulation 1802

AUCTIONEERS

265.030

The Auctioneer and Auction Licensing Act, commencing with Section 5700 of the Business and Professions Code, provides that the applicant for an auctioneer’s license must show proof that he/she, or his/her employer, holds a valid, unrevoked seller’s permit issued by the State Board of Equalization, if applicable.

Persons making sales at auction, either at a permanent place of business or on the premises of their clients, whether of their own merchandise or that of their clients, must report and pay the tax due on their returns filed under their own permit numbers. Auctioneers who have a permit for a permanent place of business are not required to secure separate permits for each sale they conduct away from the permanent site. If, however, sales at other locations will extend over a period of more than 30 days, a separate permit or sub-permit should be issued to that site.

Following are some basic rules to determine whether or not the account qualifies as a special seller with the tax program code “SS”:

1. Auctioneers who regularly conduct auctions at places other than their permanent place of business are assigned the tax code “SS”.
2. Auctioneers who regularly conduct auctions at places other than their permanent place of business, and those sales extend over a period exceeding 30 days, will be assigned a consolidated account with tax code “SZ”, and separate sub-permits for each sales location.
3. Auctioneers who occasionally hold auctions at other than their permanent place of business and who report local tax of \$600 a year or less are not required to provide a county breakdown of the local tax and are assigned the tax code “SR”.
4. Auctioneers who conduct sales of thoroughbred horses at race tracks on a recurrent basis will be issued a permit for the race track location coded to the taxing jurisdiction in which the race track is located with an “SR” tax program code unless a consolidated permit would be more appropriate.

COMPLIANCE POLICY AND PROCEDURES MANUAL

VENDING MACHINE OPERATORS

265.040

Considered Consumers

- Any vending machine operator is a consumer of, and shall not be considered a retailer of, food products which sell at retail for 25 cents or less and which are actually sold through a vending machine.
- Nonprofit PTA and equivalent organizations and nonprofit library support organizations are consumers of all tangible personal property sold through a vending machine, regardless of price.
- Library districts, municipal or county libraries and their contracted vendors are consumers of photocopies sold through coin-operated copy machines located at a library facility, regardless of price.

Considered Sellers

- Any person other than the above who makes sales of taxable property through vending machines is required to hold a seller's permit and report and pay tax on the gross receipts of sales made through the machines.
- One permit is sufficient for all the machines of one operator; however, each of the permit holder's machines must be labeled to reflect the operator's name, business address and seller's permit number.

Tax Included Sales

- Sales will be regarded as having been made on a tax-included basis if a statement in substantially the following form is affixed: "All prices of taxable items include sales tax reimbursement computed to the nearest mill".
- If more than one vending machine is located at the same place, a clearly readable sign containing the above statement may be placed near the machines instead of having to place the statement on each vending machine.

Coding

- The tax code "SR" is assigned when the operator's installations are all, or substantially all, located in one county irrespective of the volume of local tax revenue involved. These accounts are assigned the countywide area code for the county in which the operator's place of business is located (first five digits end "999").
- The tax code "SS" is assigned when the operator is doing business on a large scale with significant amounts of tax generated in two or more counties. These accounts are assigned the area code for the place of business. (See CPPM Subsection **230.030**.)

Reference: Section 6359.45 R & T Code
 Section 6370.4 R & T Code
 Section 6021 R & T Code

RETAILERS ENGAGED IN INTERSTATE COMMERCE

265.045

In general terms, an interstate commerce sale is a sale in which the goods are delivered from out-of-state inventory directly to the California consumer with title passing out of state. Such transactions are exempt from sales tax, but are subject to use tax due from the purchaser.

Even a sale that is negotiated at a California sales office may be a sale in interstate commerce if delivery is made from an out-of-state stock of goods and title to the goods passes out of state. If the retailer ships by means of a common carrier, title is presumed to pass upon delivery of the goods to the carrier (out of state) unless there is an explicit agreement to the contrary (see Regulation 1620).

Registered California retailers are required to collect the use tax due from their customers on interstate commerce sales and remit it to the Board with their returns. These accounts are coded tax program "SS" or "SZ" when the local use tax exceeds \$600 per year. The local use tax must be allocated to the place of delivery.

REGISTRATION

SELLERS PURCHASING EX-TAX FOR USE AT LOCATIONS NOT REQUIRING A PERMIT

265.050

Sellers who have permits issued for their places of business but who make ex-tax purchases of tangible personal property out-of-state and make use of the tangible personal property at some location where no seller's permit is required are considered to be special sellers with the tax program "SS".

An example of such a seller would be a roofing contractor with a permit at his/her place of business for over-the-counter sales, but who makes purchases of shingles ex-tax from out of state and installs the shingles at various locations throughout the state, thus requiring a special allocation of the local tax.

VEHICLE LESSORS

265.055

Certain Vehicle Lessors Effective January 1, 1996

Effective January 1, 1996 certain vehicle lessors are required to allocate the local use tax collected on vehicle leases to the business location of the dealer from whom the lessor purchases the vehicle. Lessors required to allocate local use tax in this manner do so using Schedule F provided with their sales and use tax return.

Vehicle Lessor Identification Field (TAR on-line registration)

In order for vehicle lessors to receive a Schedule F they must be coded as a vehicle lessor in the TAR on-line registration system. Only those vehicle lessors required to file a Schedule F should be coded. To code an account as a Vehicle Lessor who requires a Schedule F, a "Y" is entered in the "Vehicle Lessor:" field.

Enter a "Y" in the "Vehicle Lessor:" field only if the lessor makes long term leases (exceeding four months) of non-MTE motor vehicles and pick-up trucks rated less than one (1) ton that the lessor purchased from a California dealer.

Leave the "Vehicle Lessor:" field blank (no entry) for lessors who are California new motor vehicle dealers leasing their own vehicles.

Tax Program Code for Vehicle Lessors

- The tax program code for vehicle lessors who are identified with a "Y" in the "Vehicle Lessor:" field should be either "SS" or "SZ". Tax program "SZ" is assigned to lessors who have multiple place of sale locations which are not all in the same local tax jurisdiction.
- The tax program "SR" or "SY" is assigned to new motor vehicle dealers who lease their own vehicles. Effective 1/1/96 these dealer/lessors are no longer classified as special sellers and their place of business is the place of use for reporting the local use tax on leases of their own vehicles.

reference Operations Memo No. 1036

COMPLIANCE POLICY AND PROCEDURES MANUAL

EXHIBIT A, SECTION 6015 DECISION TABLE

265.060

Condition	A	B	C	D	E	F
Taxpayer has one distribution location in California	Y					
Taxpayer has both in-state and out-of-state distribution locations from which sales to in-state distribution/salespersons are made		Y				Y
Taxpayer has NO in-state distribution locations			Y			
Taxpayer has more than one distribution center. All distribution centers are located in the SAME local tax jurisdiction					Y	
Taxpayer has more than one distribution center in MORE THAN ONE local tax jurisdiction				Y		Y

Action	A	B	C	D	E	F
Assign tax program "SR"	X¹	X¹				
Assign tax program "SS"			X¹			
Assign tax program "SX"					X¹	
Assign tax program "SY"				X¹		X¹
Use area code of in-state warehouse or distribution point	X²	X²			X²	
Use area code "59-999"			X²			
City portion of code "000"				X²		
Retailer reports local tax to in-state jurisdiction of California location from which property is shipped	X³	X³		X³	X³	X²
Retailer allocates local tax to county in which agents operate. Allocation is made on schedule B of tax return.			X³			
Retailer allocates local tax on property shipped from out-of-state to in-state office which receives order or directs activities of agents		X⁴				X³

LEGEND

Y

 = YES

--

 = NO

--

 = YES or NO

X[#]

 = ACTIONS TO TAKE

REGISTRATION

SALES TAX ACCOUNTS WITH RECORDS OUT OF STATE

270.000

GENERAL

270.010

Persons who maintain a place or places of business in this state, but whose books and records necessary for audit are located out-of-state should be controlled by the out-of-state district or fringe area district where applicable. (See Business Taxes Code Book Section 110.035 for fringe area coding guidelines). Persons remaining in California but using the services of an out-of-state accountant or bookkeeper should have an office of control based on their in-state location. In addition, an accountant's mailing code will be assigned if the conditions set forth in CPPM Subsection **230.080** are satisfied.

Single outlet out-of-state accounts with a place of business in this state are assigned "SR" tax program code, or if temporary, "ST". For other coding in conjunction with out-of-state accounts see Business Taxes Code Book Section 110.035 (See CPPM Subsection **215.040** for Certificate of Registration — Use Tax guidelines.)

DISTRICT REPORT ON OUT-OF-STATE ACCOUNT

270.020

Information concerning the district report on out-of-state accounts will be entered via the on-line registration system. You will find a field titled "Out of St:" at the bottom of the TAR BT-403 "Taxpayer Information Screen" of the on-line registration system. Information to be entered in this field consists of information on records maintained at an out-of-state location and information on records maintained in California. Once information is entered in the "Out of St:" field, a "greater than" sign will appear on the line next to the field title. The Out-of-State District has responsibility for both audit and compliance functions and is the district of control except for fringe area accounts. (See Subsection **270.080**.)

Temporary accounts, tax program "ST", do not require entering information in the "Out of St:" field, however, the information in that field could be helpful at a later date.

PURPOSE OF THE DISTRICT REPORT ON OUT-OF-STATE ACCOUNTS

270.030

The primary purpose of the district report on out-of-state accounts is to provide the Out-of-State District audit staff with information not otherwise readily available. This screen is used as an aid in audit selection, and is also used by the out-of-state auditor in preparing to audit an account.

USE OF THE DISTRICT REPORT ON OUT-OF-STATE ACCOUNTS BY THE OUT-OF-STATE DISTRICT

270.040

When the Out-of-State District receives information that records of an active in-state account have been moved to an out-of-state location, under the control of the taxpayer, they will make the proper entries in the "Out of St:" field of the on-line registration system. The Out-of-State District will effect an interdistrict transfer of the account to the Out-of-State District.

If information is received that the records of an in-state business are no longer located out-of-state, under the control of the taxpayer, the district obtaining that information should effect an interdistrict transfer to the in-state district of control via the on-line registration system.

SINGLE OUTLET OUT-OF-STATE ACCOUNTS

270.060

Sales and Use Tax Single Outlet Account

When the determination is made that the books and records sufficient for audit purposes are located out of state under the control of the taxpayer, use the "Warehouse or Single Outlet" decision table in Section 110.035 of the Business Taxes Code Book as a guide to determine the proper tax program code, office code, and area code for single outlet accounts.

COMPLIANCE POLICY AND PROCEDURES MANUAL

CONSOLIDATED OUT-OF-STATE ACCOUNTS

270.070

When the books and records sufficient for audit purposes are located out of state under the control of the taxpayer, use the “Fringe Area, Out-Of-State Consolidated (Including Warehouses) Accounts” decision table in Section 110.035 of the Business Taxes Code Book as a guide to determine the proper tax program code, office code, and area code for single outlet accounts.

FRINGE AREA ACCOUNTS

270.080

Permittees operating in areas adjacent to the state (“fringe areas”) are the responsibility of specific in-state districts. When the permittees’ customers are generally located within a single in-state county, the first five digits of the area code will be the in-state county code where the taxpayer generally operates followed by “999”. When in-state customers are widespread, the area code will be 59–999 000 0000 (see also CPPM [240.035](#)).

See Business Taxes Code Book Section 110.036 for a map of fringe areas and 110.037 for a listing of fringe area towns and offices.. The district of control for a fringe area account will be the in-state district of control.

Permittees which operate in-state with a fringe area mailing address (not a consolidated account master location) are the responsibility of the in-state district where the selling location is located. If necessary, audits will be conducted by the fringe area office by means of an interdistrict audit referral.

REGISTRATION

PERMITS AND LICENSES — FORMS BT-442

275.000

ISSUANCE OF FORMS BT-442

275.010

The on-line registration account numbering system allows any Board office to complete the registration process and issue a permit for another district who is ultimately responsible for the account. Whenever an application is accepted, the permit should be delivered to the taxpayer.

A permit in the possession of the taxpayer is physical evidence that he/she has complied with the requirements of the law and can legally operate a business at a specific location. When the on-line registration system is used, the proper permit is printed automatically at the end of the registration process. Accordingly, preparation of a permit should be one of the last steps performed in the registration process by the district which completes the registration form, when the registration is completed without using the on-line registration system.

LIST OF PERMITS ISSUED — FORMS BT-442

275.020

PERMIT	FORM #
Seller's (one permit for each selling location of consolidated accounts)	BT-442-R-LZ
Consolidated Seller, Master Location	BT-442-M-LZ
Certificate of Registration — Use Tax	BT-442-U-LZ
Temporary Seller's Permit	BT-400-THQ-LZ(S1)
Consumer Use Tax	NONE

Those forms not produced as a direct result of the on-line registration system have the same form numbers except the LZ is omitted. (See sample BT-442 at Section [275.080](#))

CONTROL OF UNISSUED PERMITS AND LICENSES

275.035

Procedure To Be Used Only In Case Of On-Line Failure

New permits and licenses are stocked in Sacramento Headquarters under the control of Headquarters Central Supply Unit. Permits are ordered on regular supply orders by a district or branch.

When ordering additional permit forms, the order should be for a three month supply, and reordered when existing stock is reduced to a one month supply.

Care must be given to the safekeeping of blank permits and licenses before use. Offices maintaining a supply of these forms will assign their safekeeping to one employee, who will keep blank permits and licenses in equipment which can be locked for security purposes.

REISSUANCE OR REPLACEMENT OF PERMITS AND LICENSES

275.040

Lost or mutilated permits or permits needing reissuance will be processed in accordance with CPPM Subsection 330.000. Once the determination has been made to reissue or replace a permit, the on-line registration system provides this opportunity through the print sub-system. You need only enter the account number and sub number, if applicable, and the on-line registration system will automatically provide the proper permit.

PREPARATION OF PERMITS, LICENSE AND CERTIFICATES IN GENERAL

275.050

The on-line registration system will automatically print out the proper permit for the taxpayer being registered. The explanation and instructions following are intended for use in the event a permit must be done by hand.

Permits, licenses and certificates have been designed to allow for seven lines of typing, 33 numeric or alpha characters per line using pica (10 characters per inch or 10 CPI) typewriter spacing. It will seldom be necessary, however, to use all seven lines provided.

COMPLIANCE POLICY AND PROCEDURES MANUAL

PREPARATION OF PERMITS, LICENSE AND CERTIFICATES IN GENERAL

(CONT.) 275.050

Pica type (10 characters per inch or 10 CPI) should be used where possible. Corner marks are printed in the upper left and right corners to assist in positioning the form in the typewriter, and as an aid in determining the beginning and ending of each line.

The following items must be typed on the forms before they are issued:

- Account number
- Owner name
- Business Address
- City, State, ZIP

The firm name (DBA) may be typed on these forms. If shown, the entry must be made outside the space outlined for the window envelope block.

Other items of data such as area code, mailing exception code, reporting basis, etc., are confidential data and are not typed on permit or license forms. Permit and license forms are displayed to the public, therefore disclosure of a reporting basis, or other data could potentially allow inference of business volume or other confidential information. A mailing address may be included if it is different from the business address, allowing the form to be mailed in a window envelope.

Positioning of items of data on the forms in their order of entry is as follows:

First Entry — Account Number

Starting with the top line, left side, type complete account number including tax program code, office code and numerical portion, i.e., SR ARA 15-789012, and the start date. If a subpermit, continue with a dash after the numerical portion, sublocation number, another dash, and master office code, i.e., SY EH 15-789012-0196-ARA. The account number is the only entry made on the first line of the form.

It is not necessary to prepare new permits when the only change is to the tax program. This situation occurs when accounts are converted between SX, SY, SZ and SR.

Second Entry — (when necessary) — Business Address if Different from Mailing Address

DOES NOT APPLY TO SUBLOCATIONS

When the mailing address is different from the business address, type the business address on the second line, including the number and street but not the post office unless it is different from the post office of the mailing address. This is the only entry made on the second line. Do not insert the mailing address if the permit will be handed to the taxpayer in person.

Examples:

- 1310 Eighth Street (same post office as mailing address)
- 1310 Eight Street, Sacramento (different post office from mailing address)

If the mailing address is the same as the business address, the second line is left blank.

Third Entry — Owner Name

Owner name is entered beginning on the next available line. As much as possible, a complete owner name should be entered subject to necessary abbreviations of first names of partners, etc.

REGISTRATION

PREPARATION OF PERMITS, LICENSES AND CERTIFICATES IN GENERAL

(CONT.) 275.050

Fourth Entry — Mailing Address (or business and mailing address when identical)

The business address is entered on the next available line. Two lines of the form are used for this entry. The first line will include number, street, etc. The second line will include post office, two-letter state abbreviation, and ZIP Code.

When the mailing address is different from the business address, enter the business address on the second line as described under “Second Entry”.

Formatting for preparation of the form is fixed with respect to entering account number and business address (if applicable) on the first two lines. Entry of other data is flexible, subject to the amount of data that is to be entered. For example, the owner name need not be restricted to one line.

HINT: When preparing the form, determine how much data can be and should be entered before typing is started!

DISCLOSURE OF SOCIAL SECURITY NUMBERS

275.060

The Federal Privacy Act (PL 93–579), effective September 29, 1975 prevents any government agency from denying any right or privilege provided by law because of an individual’s refusal to disclose his social security number.

The Act, however, does not apply to any agency that required this information, because of statute or regulation prior to January 1, 1975.

The Board required the social security numbers of applicants for seller’s, use fuel and vendor use fuel tax permits (under the provisions of California Revenue and Taxation Code Sections 6066, 8702, and 8712, respectively) prior to January 1, 1975, therefore provisions of the Act do not apply under these tax programs. Applicants are required to provide social security numbers to obtain such permits. The Board is required to inform the applicant what use will be made of the number. (See Subsection **275.070**, Forms GA–324–A and BT–968).

Submission of a social security number is completely voluntary when applying for consumer use tax and certificate of registration-use tax accounts. Forms for these tax programs contain a space for social security numbers, therefore applicants must be informed of the voluntary aspects of the law. Issuance of permits or accounts will not be held up by lack of a social security number.

GA–324–A, PRIVACY NOTICE; BT–968, INFORMATIONAL FORM

275.070

Form GA–324–A, Privacy Notice, is furnished and noted to every applicant for a permit or account with the Board. The on-line registration system automatically places the Form GA–324 on the bottom half of the page on which the permit is printed. Form BT–968, Disclosure of Social Security Numbers, is an informational form that may be given to the taxpayer when the situation warrants.

COMPLIANCE POLICY AND PROCEDURES MANUAL

BT-442-R-LZ SAMPLE

275.080

DISPLAY CONSPICUOUSLY AT PLACE OF BUSINESS FOR WHICH ISSUED

CALIFORNIA STATE BOARD OF EQUALIZATION

SELLER'S PERMIT

ACCOUNT NUMBER

SAMPLE

IS HEREBY AUTHORIZED PURSUANT TO SALES AND USE TAX LAW
TO ENGAGE IN THE BUSINESS OF SELLING TANGIBLE PERSONAL
PROPERTY AT THE ABOVE LOCATION



*THIS PERMIT DOES NOT
AUTHORIZE THE HOLDER TO
ENGAGE IN ANY BUSINESS
CONTRARY TO LAWS
REGULATING THAT BUSINESS OR
TO POSSESS OR OPERATE ANY
ILLEGAL DEVICE*

NOT VALID AT ANY OTHER ADDRESS

THIS PERMIT IS VALID UNTIL REVOKED OR CANCELED BUT IS NOT TRANSFERABLE. IF YOU SELL YOUR BUSINESS, OR DROP OUT OF A PARTNERSHIP, NOTIFY US OR YOU COULD BE RESPONSIBLE FOR SALES AND USE TAXES OWED BY THE NEW OPERATOR OF THE BUSINESS.

BT-442-R-LZ REV. 12 (6-95)

NOTICE TO TAXPAYERS

INFORMATION FURNISHED TO THE BOARD OF EQUALIZATION

The Information Practices Act of 1977 requires this agency to provide the following notice to individual taxpayers who are asked by the State Board of Equalization to supply information:

The principal purpose for which the requested information will be used is to administer the California Sales and Use Tax Laws, Special Taxes Laws, or Timber Yield Tax Laws. This includes the determination and collection of the correct amount of tax.

As an individual taxpayer, you have the right of access to personal information about you in records maintained by the Board of Equalization. Please contact your local Board office listed in the white pages for assistance. If the local Board office is unable to provide the information sought, you may also contact the Registration Unit in Sacramento at **(916) 324-2387**.

The Board officials responsible for maintaining this information are: Sales and Use Tax, Deputy Director, Sales and Use Tax Department, 450 N Street, MIC:43, Sacramento, CA 95814, telephone (916) 445-1441;...

... and tax returns or reports in such form as prescribed by the State Board of Equalization

It is mandatory that you furnish all of the required information requested by applications for registration, applications for permits or licenses, tax returns and other related data. Failure to provide all of the required information requested by an application for a permit or license could result in your not being issued a permit or license. In addition, the law provides penalties for failure to file a return, failure to furnish specific information, failure to supply information required by law or regulations, or for furnishing fraudulent information.

Pursuant to California law, the information appearing on the face of any permit or license issued by the Board is public record. Information you furnish to this agency may be used for the purpose of collecting any outstanding tax liability and may be given to federal, state, and local government agencies as authorized by law.

GA-324-A REV. 6 (6-95)

October 1997

REGISTRATION

MEXICAN MERCHANTS AND EXPORTERS

280.000

GENERAL

280.010

Through cooperative efforts of the Chambers of Commerce in Mexico and the State Board of Equalization simplified methods have been devised for granting exemption from California sales taxes in transactions with qualified Mexican purchasers.

Board Pamphlet No. 32, "Tax Tips for Sellers Making Sales for Resale or Export to Purchasers from Mexico," explains the acceptable procedures for establishing exemptions. Reference to the pamphlet should be made whenever specific questions concerning the application of tax to these types of transactions arise.

MEXICAN PURCHASERS

280.020

There are three groups of purchasers involved:

1. Mexican Retailers — All such retailers from the major Baja California cities are issued a plastic identification card by the Mexican Chamber of Commerce in their area. The card identifies the business, its resale registration number, and the business classification code(s) assigned to the retailer. The card also carries an expiration date and must be renewed annually. The card fits a standard credit card machine, and California sellers frequently imprint the card on the sale invoice in addition to obtaining a Mexican resale certificate. The certificate cards are issued by the respective Mexican Chambers to the Mexican merchants.
2. Mexican Consumers — Tax applies when property is delivered in this State to the purchaser prior to an irrevocable commitment of the property into the process of exportation. (See Regulation 1620.)
3. Registered Exporters — The Registered Mexican Exporters program was discontinued October 1, 1985.

The responsibility for this program rests in the San Diego Office (FH) of the Board.

See Decision Table, CPPM **280.030**.

COMPLIANCE POLICY AND PROCEDURES MANUAL

SALES TO MEXICAN RETAILERS AND CONSUMERS — DECISION TABLE

280.030

Sales Tax

CONDITIONS	A	B	C	D	E	F	G
Sale in California	Y	Y	Y	Y	Y	Y	Y
Property used in California prior to export	Y						
Purchased for resale in Mexico		Y					
Purchased for use in Mexico			Y	Y	Y	Y	Y
Shipped by common carrier - delivered in Mexico			Y				
Shipped by common carrier - delivered at Mexican Border				Y			
Shipped by seller's vehicle - delivered in Mexico					Y		
Shipped by seller's vehicle - delivered at Mexican Border						Y	

ACTION	A	B	C	D	E	F	G
Taxable	X						
No documentation available - Taxable							X
Exempt - Obtain "Resale Certificate of Mexican Merchant"		X					
Exempt - Obtain Bill of Lading			X	X ¹			
Exempt - Obtain copy of Mexican Import Documents				X ²	X ¹	X ¹	
Exempt - Obtain "Certificate of Delivery in Mexico"					X ²		
Exempt - Obtain "Certificate of Delivery at Mexican Border"						X ²	

LEGEND

Y

 = YES

--

 = NO

--

 = YES or NO

X [#]

 = ACTIONS TO TAKE

REGISTRATION

PRE-COLLECTION OF SALES TAX ON GASOLINE

285.000

WHAT IS THE “SG” PROGRAM?

285.005

Gasoline sales account for a major portion of California sales and transaction taxes. Because gasoline is tightly monitored for both state and federal purposes, and because the business failure of a single retailer could have a serious revenue impact, Senate Bill 1610 (SB-1610) was enacted in July 1989, to require pre-collection of an amount of sales tax upon distribution of gasoline in California

SB-1610 refers to payment of sales tax at distribution as “prepayment.” This causes confusion with provisions of the Sales and Use Tax Law dealing with quarterly prepayment reporting basis assigned to retailers. To eliminate confusion between the two programs, “pre-collection of tax” will refer to sales tax due upon distribution of motor vehicle fuel.

Effective January 1, 1992, retailers of diesel fuel, aircraft jet fuel and other qualifying fuels are required to prepay a portion of the sales tax to their fuel supplier on all purchases of these fuels. This program is similar to the existing prepayment of sales tax on motor vehicle fuel except that the prepayment rate is one and one-half cents (\$.015) less per gallon.

SIMILARITIES WITH THE MOTOR VEHICLE FUEL TAX PROGRAM

285.010

Though Senate Bill 1610 was written to closely parallel the Motor Vehicle Fuel License Tax Law, the term “pre-collection” refers only to sales tax. Enough similarities exist so that if California highway taxes are due, so is the pre-collection of sales tax. The rate is set each year by the board based upon projected retail prices. In times of projected rising prices, the pre-collection rate will be increased; if prices are decreasing, the pre-collection rate will be lowered.

Account numbers used for pre-collection accounts are comprised of 4 or 5 alpha characters followed by 8 digits as follows:

- The tax program is always “SG.”
- The district portion of the tax code will be the same as the office shown for the seller’s permit.
- The first two digits are “77” or “78”. If the taxpayer holds a Motor Vehicle Fuel Distributor account, which begins with “07”, the first two numbers then become “77”. If the taxpayer holds a Motor Vehicle Fuel Broker account, which begins with “08”, the first two numbers then become “78”.
- The last six are the last six digits of the taxpayer’s motor vehicle fuel distributor or broker tax account
- If a taxpayer sells only fuel subject to the Use Fuel Tax and therefor does not have a Motor Vehicle Fuel License Tax account, an “SG” account number will be issued by the Account Analysis Section. Such accounts will be issued an account number beginning with the “78” prefix followed by six additional numbers beginning with 020001. The start date for the account will be taken from the taxpayer’s sales tax permit record unless the start date is prior to January 1992. If this is the case, January 1992 will become the start date of the “SG” account.

Retailers are responsible for the payment of sales tax on retail gasoline, diesel fuel, aircraft jet fuel and other qualifying fuel sales. When retailers file sales tax returns, credit is taken for the amount of sales tax pre-collected by their suppliers at the time of distribution; the retailers then remit the difference between what is due on retail sales and amounts already paid through pre-collection.

Retailers selling gasoline, diesel fuel, aircraft jet fuel and other qualifying fuels are mailed the blue sales and use tax return, Form BT-401-GS, provided the account is coded with a “G”, “B” or “D” in the account analysis box. When furnishing these retailers with utility forms in the field, use Form BT-401-AC2 and attach Form BT-531-G, “Schedule G”, for credit to be taken on pre-collection amounts already paid to distributors or brokers.

COMPLIANCE POLICY AND PROCEDURES MANUAL

DUE DATES FOR PRE-COLLECTION RETURNS

285.020

Tax return due dates for the “SG” program are the 25th of the month, the same as for returns under the Motor Vehicle Fuel Tax License law. Distributors and Brokers file an “SG” pre-collection tax return, Form BT-401-DB-LZ.

APPLICATION PROCEDURES

285.030

The “SG” accounts are initiated using the Motor Vehicle Fuel License Broker or Distributor applications. Once the MB or MD account is registered, Special Taxes Department, Fuel Taxes Division sends to the Sales and Use Tax Department’s Account Analysis Section, a copy of the BT-400-ET. To issue the SG Pre-Collection number, the Account Analysis Section takes the first two numbers of the MB or MD account number and changes them to either 77 or 78. Information on Form BT-400-ET is used to set up the SG account on the registration display. When the account number is established by the Account Analysis & Control Section, the seller’s permit of the SG account is entered into the Comments Screen of the On-Line Registration System. Once the account has been registered, a notification letter is sent to the taxpayer indicating the account number and reporting requirements. The SG file is maintained at Taxpayer Records Section.

REGISTRATION

SPECIAL TAXES AND FLOOR TAX PROGRAMS

290.000

SPECIAL TAXES DEPARTMENT OVERVIEW

290.005

The Special Taxes Department includes three program related divisions: Environmental Fees, Excise Taxes, and Fuel Taxes. The specific Special Taxes programs and the responsible divisions are listed below:

ENVIRONMENTAL FEES DIVISION

Hazardous Spill Prevention Fee

Hazardous Substances Tax

1. Hazardous Waste Disposal Fee
2. Hazardous Waste Superfund Tax (repealed 12/31/90)
3. Hazardous Waste Annual Generator Fee
4. Hazardous Waste Facility Fee
5. Waste Reporting Surcharge Fee
6. Hazardous Waste Activity Fee
7. Environmental Fee

Occupational Lead Poisoning Prevention Fee

EXCISE TAXES DIVISION

Alcoholic Beverage Tax

1. Beer
2. Wine
3. Distilled Spirits

Cigarette and Tobacco Products Tax

1. Cigarette Tax
2. Other Tobacco Products

Emergency Telephone Users Surcharge

Energy Resources Surcharge

Insurance Tax

Integrated Waste Management Fee

1. Solid Waste Quarterly Fee
2. Solid Waste Annual Fee (repealed 10/1/93)

Oil Recycling Fee

Tire Recycling Fee

COMPLIANCE POLICY AND PROCEDURES MANUAL

FUEL TAXES DIVISION

Childhood Lead Poisoning Prevention Fee

Diesel Fuel Tax

International Fuel Tax Agreement (IFTA)

Motor Vehicle Fuel License Tax

1. Distributors
2. Brokers
3. Aircraft Jet Fuel Dealers

Oil Spill Response, Prevention, and Administration Fees

1. Administration Fee
2. Response Fee

Propane Safety Inspection and Enforcement Program Surcharge

Underground Storage Tank Maintenance Fee

Use Fuel Tax

APPLICATION PROCEDURES

290.010

Special Taxes Department personnel are responsible for all audit and compliance functions for their programs, with the exception of floor tax activities (see **292.000**). Field offices do not stock application forms for any Special Taxes programs. Taxpayers who contact field offices for Special Taxes information or permits will be referred directly to the Excise Taxes, Environmental Fees, or Fuel Taxes Division.

REGISTRATION

FLOOR TAXES

292.000

WHAT IS A "FLOOR TAX?"

292.005

Floor taxes are used by the Board to collect manufacturers' and distributors' excise taxes directly from wholesalers and retailers on merchandise or a stock of goods which is already in the possession of the wholesaler or retailer ("on the floor"). Floor taxes have been used in the past for cigarettes, tobacco products, alcoholic beverages and motor vehicle fuels.

Generally, when a specific excise tax increase is either legislated or passed by the voters, any merchandise or goods already distributed but unsold must be taxed on the difference between what has been paid by the manufacturer and the new tax rate. Floor taxes thus become the method of collecting this tax difference.

METHOD OF DETERMINING WHICH ACCOUNTS ARE SUBJECT TO FLOOR TAX

292.010

Once an increase in excise taxes has been authorized through legislation or ballot initiative, accounts must be selected which potentially sell merchandise or goods subject to the tax increase. For example, when the voters passed Proposition 111 in June 1990, motor vehicle fuel taxes increased by 5 cents per gallon beginning August 1, 1990.

Motor vehicle fuel taxes are due at the time of first distribution of the fuels, so distributors raised the amount remitted to the state on or after August 1. Fuels already distributed, on the other hand, were subject to the tax but had already left the distributor.

Special floor tax returns, using a prefix of "FT", were designed for retailers to report the tax, and were mailed to all sales tax accounts with a "G", "D" or "B" in the account analysis code portion of the coding grid. Other criteria can be used depending upon specific circumstances.

FLOOR TAXES IMPOSED BY PROPOSITION 111

292.020

Five separate floor tax mailings were required under provisions of Proposition 111 and were due as follows:

<u>Time Tax Imposed</u>	<u>Date Tax Imposed</u>	<u>Rate per Gallon</u>	<u>Return Due By</u>
12:01 AM	August 1, 1990	\$0.05	August 31, 1990
12:01 AM	January 1, 1991	\$0.01	January 31, 1991
12:01 AM	January 1, 1992	\$0.01	January 31, 1992
12:01 AM	January 1, 1993	\$0.01	January 31, 1993
12:01 AM	January 1, 1994	\$0.01	January 31, 1994

Floor stock returns were mailed to sales tax accounts with "G" or "D" entries in the account analysis code portion of the coding grid. "B" entries did not receive returns in January 1991 or subsequent years, though they did receive initial returns in August 1990.

DELINQUENCY CONTROLS FOR FLOOR STOCK PROGRAM

292.030

Delinquency notices are sent to recipients of floor stock returns six weeks after the due date of the return. A second notice is sent 12 weeks after the due date of the initial return, and a list of delinquent accounts forwarded to field offices.

Motor vehicle fuel tax collection is the responsibility of the State Controller's Office. Collection problems and refund requests received by telephone should be directed to the State Controller for resolution.

COMPLIANCE POLICY AND PROCEDURES MANUAL

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REGISTRATION

MISCELLANEOUS

295.000

APPLICATIONS FOR PERMITS TAKEN FOR OTHER DISTRICTS

295.020

Whenever an application is accepted for another district, it should be completed in its entirety. When necessary, the district accepting the application will telephone the district in which the business is located to obtain the required information and coding data.

When determined security is required, the district accepting an application shall set, and obtain from the applicant, the amount requested. If the applicant does not deposit the requested security at the time of application they should be informed that they can do so at the district of control since that office is in the area where the applicant's business is located and that office will be maintaining their records. If the taxpayer wants to deposit the security at the registering office, but cannot do so immediately, copies of the application and security documents should be retained at the registering office and the originals sent to the district of control.

Security amounts are subject to adjustment by the district of control and the applicant should be advised that an adjustment might be necessary. The district accepting the application should, however, set the amount of security as accurately as possible. See CPPM Chapter IV for security guidelines when issuing new permits.

Care should be taken when reinstating a closed out or revoked account for another district. In these cases, the district of control should always be contacted to determine whether or not there are any special requirements for reinstatement of the account.

DELIVERY OF PERMIT OR LICENSE TO APPLICANT

295.030

The delivery of a permit or license to an applicant is evidence the applicant has complied, or will comply, with the requirements of the law to the satisfaction of the Board.

SELLER'S PERMITS TO MAKE EX-TAX PURCHASES

295.040

Seller's permits are issued to persons who will be engaged in a bona fide business activity of selling tangible personal property.

Some persons try to secure permits so they may purchase tangible personal property for their own use at wholesale prices. Many persons will attempt to place themselves in the category of sellers in order to secure a seller's permit for these improper purposes. Such use is prohibited by §6072 of the Sales and Use Tax Law and is a misdemeanor per §6094.5 and punishable as provide in §7153.

When it appears the permit is to be used solely for purchasing property for use, the applicant should be informed the issuance of a seller's permit is not proper and will not be issued. These persons should be shown §§6072, 6094.5 and 7153.

OCCASIONAL SALES

295.050

Generally, more than two sales in a twelve month period (not calendar year) made by the same person requires a seller's permit. A permit is not necessary if the series of sales were:

1. few in number,
2. of an inconsequential amount, and
3. the type of sale is inconsistent with the seller's normal business activity.

All three of the foregoing conditions must be present to eliminate the need for a permit

Each case must be decided on its own merits as to whether the series of sales is sufficient in number, scope, and character to constitute an activity for which a seller's permit is required. Chapter 10 of the audit manual has covered this subject most effectively and should be referred to for additional information.

COMPLIANCE POLICY AND PROCEDURES MANUAL

OCCASIONAL SALES

(CONT.) 295.050

If an occasional seller qualifies as a retailer in one twelve month period, they also qualify as a retailer in subsequent twelve month periods if the tax is to be asserted for sales made during the subsequent periods. As an example, should a person make three sales in a twelve month period, one in July, one in January and one in June of consecutive years, the three sales are taxable. Should the same person also make another sale within twelve months from the January sale, it too becomes taxable because the last three sales occurred in a twelve month period.

Whenever there is any doubt as to whether an occasional seller should be regarded as a retailer, the question should be submitted to the next level of supervision for a decision.

Reference §§6019 and 6072, Sales and Use Tax Law.

CONSUMER USE TAX — TEMPORARY ACCOUNTS

295.080

Unreported use tax is frequently uncovered through the Board's audit and investigation processes. When the person charged with the liability is not required to hold a seller's permit and is not registered under a consumer's use tax account number, the liability is assessed through a Report of Field Audit or Field Billing Order which results in a determination of tax due. In order to identify the liability, an arbitrary account number is assigned by the field office. The tax code is "SN". The office code represents the district in which the taxpayer is situated and the numerical portion is in the series 052-xxxxxx issued by the on-line registration system. (CPPM Sections 295.090 and 295.091) Once a number has been assigned, it may be used to identify any subsequent tax determination against the same person as long as a seller's permit or a consumer use tax account is not involved. For Consumer Use Tax Section accounts (vehicles, vessels etc.) see CPPM section 295.095.

ARBITRARY ACCOUNT NUMBERS

295.090

An Arbitrary number is assigned to an unpermitted or unidentifiable entity to accept payments, to identify an account, or for use in establishing a liability against an unlicensed or uncooperative person.¹

¹ "Person" is defined in the various tax laws administered by the Board and is not limited to an individual or partner.

Arbitrary numbers often are an interim method of identifying an account or entity until a permit or license is issued or an existing account is identified for the entity. The tax code portion of the number varies according to the tax program; e.g., SN, Sales Tax; FN, Use Fuel Tax; and FM, Vendor Use Fuel Tax (Fuel Tax Program arbitrary numbers are only issued by the HQ Registration Unit for the old use fuel tax programs). The office code designates the district in which the activity in question has occurred. The numerical portion begins in the series 52-000000 .

The assignment of an arbitrary number occurs when the Board receives tax returns, payments or significant correspondence which cannot be associated or identified with a permit. Under these circumstances, when a permit is subsequently issued or the proper account found, returns, remittances or balances previously posted to the Arbitrary number may be allocated or transferred to the proper permit. This process is initiated at the field or Headquarters office through the preparation of Form BT-523, Tax Return and/or Account Adjustment Notice concurrent with the issuance of the new permit or license.

Payments in full received from taxpayers who are no longer operating and who did not hold a permit, as well as unidentified payments/documents received in field offices, must have an Arbitrary account number assigned before transmittal to Headquarters unless they are Consumer Use Tax Section accounts (see CPPM Section 295.095).

Arbitrary numbers are issued by field offices using the on-line registration system, in much the same way a regular permit is issued.

(continued on following page)

REGISTRATION

ARBITRARY ACCOUNT NUMBERS

(CONT.) 295.090

Arbitrary account numbers are also assigned to unpermitted entities in connection with field audits and field billing orders after a report of field audit or field billing order has been transmitted to Headquarters. The need for assigning an arbitrary account number under these conditions should be avoided whenever possible. Every reasonable effort should be expended by the district to place the unpermitted entity involved under proper permit before the audit or field billing order is transmitted to Headquarters. When the assignment of an arbitrary account number is unavoidable and the account is placed under permit at a later date, the arbitrary account number is normally abandoned and all material, data and postings are transferred to the new account. Form BT-523, Tax Return and/or Account Adjustment Notice is prepared by the field office and a copy forwarded to the Headquarters Account Analysis & Control Section.

Preparation of documents is explained in the following subsection, CPPM 295.091.

PROCEDURE TO ISSUE ARBITRARY ACCOUNT NUMBERS

295.091

Control of Arbitrary Account Numbers

Arbitrary account numbers are internally assigned by the on-line registration system in the same method as regular permits are issued. District offices may request a block of 100 arbitrary numbers from the Account Analysis Section. These numbers are to be issued in the event the on-line registration system is unavailable for a period of time.

Guidelines For Issuance of Arbitrary Account Numbers

Arbitrary account numbers are not issued for Consumer Use Tax Section or Special Taxes Department accounts. Please refer to Subsection 295.095 for procedures related to Consumer Use Tax Section accounts.

An arbitrary account can be established by assigning the "SN" option from the CTS "Client Modify" screen. When the on-line system is down or not available a Form BT-561, "Business Tax Registration, Arbitrary Accounts", is used to establish the Arbitrary account. The information from the form may be transferred at your earliest convenience to the on-line system. The form BT-561, may be ordered in pads of 50 from the Supply Unit. Exhibit A at the end of this subsection presents an example of a properly completed Form BT-561.

Input To the On-Line Reg. Screen

ACCOUNT NUMBER

NUMBER

The on-line system automatically assigns an account number. If the BT-561 is being used, enter the next available arbitrary account number from the block assigned to your district, branch, or unit. When you are able to transcribe the information to the on-line system, use the account number override capability and assign the number taken from the bank of numbers. Arbitrary account numbers presently begin with "052-9XXXXX": the "X" is a number issued from the number sequence.

TAX PROGRAM

For either the on-line system or using the BT-561, refer to the Business Taxes Code Book, Subsection 100.070, for a list of all tax programs administered by the Board. Arbitrary numbers may be issued only for tax programs ending in "N", and for tax program "FM" (vendor of fuel arbitrary number).

OWNER CODE

For both on-line and the paper batch files, enter the ownership code for the entity, if ownership can be determined. This entry must match the "Owner" line. If the owner's name is unknown enter "Unidentified" on the owner line and the owner code will be generated from the entity type.

DBA

Enter the DBA (Doing Business As) or fictitious name for the account, just as if you were establishing a regular on-line account. If no DBA is used, make no entries. This holds true for the BT-561.

COMPLIANCE POLICY AND PROCEDURES MANUAL

PROCEDURE TO ISSUE ARBITRARY NUMBERS

(CONT. 1) 295.091

OWNER

Enter the name of the owner or entity, just as if you were establishing a regular on-line account. When using the BT-561, enter the name of the owner or entity in the space provided. Courtesy titles such as Ms., Mr. or Miss are not entered. If the owner's name is unknown enter "Unidentified" on the owner line.

DISTRICT

For either the on-line system or using the BT-561, enter the office of control. This office is established by where the business is located. Also see Pamphlet 30, "Mailing Guide", for assistance in determining the office of control and tax rate.

BUSINESS ADDRESS

When using the on-line system, enter the business address just as if you were establishing a regular on-line account. If unknown enter the city, state and zip code. This also holds true for the BT-561.

AREA CODE

The on-line system will generate three area code choices at the time the address of the business is identified. When using the BT-561 and a specific area code cannot be determined, enter the county code followed by "999", plus any add-on and in-lieu codes applicable to the county.²

² For example, an account in San Diego County where the exact location cannot be determined would show area code: 37999-017-0000

In the rare instance where no specific location or county of operation can be located, use area code "59999-000-0000".

On July 1, 1995, Diesel Fuel Tax became a separate program from Use Fuel Tax and the Special Taxes Department assumed administration of all fuel programs. Existing taxpayers who still needed a use fuel permit (for alternative fuels) were issued new permits. Previously, while use fuel was administered by the Sales and Use Tax Department, in-state fuel tax area codes were coded to the county where the books and records needed for audit and compliance activities were located, followed by "000-000-0000". A fuel account located in Ventura County would show an area code of "56000-000-0000". See the Business Taxes Code Book Subsection 120.00 for a list of county codes. Out-of-state fuel tax area codes were entered based upon the state or country where the taxpayer was located. See the Business Taxes Code Book Subsection 120.00 for a list of state and country codes.

MAILING ADDRESS

When using the on-line system, enter the mailing address just as if you were establishing a regular on-line account. This space may be left empty for arbitrary accounts if unknown. When the mailing address is different from the business address, enter the mailing address on this line. This is true for the BT-561, also.

AMOUNT OF PAYMENT

For either the on-line system, or if using the BT-561, enter the amount of any payment received. If an entry is made in this area and is the same amount as the liability, make no entry in the "Amt. of Liability" section.

AMOUNT OF LIABILITY

For either the on-line system or if using the BT-561, enter the amount of any liability established by a "No Remittance" return, an audit, or a field billing order. Make no entry in this section for a "No Change" audit (BT-414-C). If an entry is shown in this area, make no entry in the "Amt. of Payment" section. In the case of a "Partial Remittance" return, place the amount paid on the Amount of Payment line and the balance on the Amount of Liability line.

REGISTRATION

PROCEDURE TO ISSUE ARBITRARY NUMBERS

(CONT. 2) 295.091

LIABILITY PERIOD

For either the on-line system or if using the BT-561, enter the dates for which the arbitrary account is established. In the left side of the box show the beginning date in MM/DD/YY format, and on the right side show the ending date in MM/DD/YY format. For example, an account established for January 3, 1994 through May 27, 1994 would be entered as: 01/03/94 – 05/27/94.

CROSS REFERENCE ACCT. NUMBER

For either the on-line system or the BT-561, enter the number of any related regular account affected by this transaction.

REASON FOR ISSUING

For either the on-line system or the BT-561, enter the number of the form which generated a need for an arbitrary number. For example, if a field billing order was prepared, enter “BT-414-B”; an audit would be “BT-414-A”; a payment received and transmitted on a tax return would be “BT-401”; a payment received as a 2-B deposit to secure a clearance for an unpermitted entity would be shown as “BT-487-C or BT-487-D”.

If you are unsure about the entry to place in this area, contact the Account Analysis & Control Section, Registration Unit for guidance.

COMMENTS

The on-line system will record who created the account. When using the BT-561, enter the name and district or unit initials of the person requesting the arbitrary number. This information should be entered into the Comments area, so the originator may be identified when someone other than the originator enters the account information on the system.

CONSUMER USE TAX ACCOUNT NUMBERS

295.095

The Consumer Use Tax Section (CUTS) has the responsibility of assigning Consumer Use Tax account numbers primarily for sales that involve vehicles, vessels and aircraft. These tax program designators are SA, SB, and SP. CUTS is also responsible for issuing arbitrary numbers for the customs program (SI) and for the mail order programs (SO). When assigning the number, they must have the tax program, name of taxpayer, address, and reason for issuance.

When full or partial payments are received in the district office for a vehicle, vessel or aircraft, the return should be filled out as completely as possible. The account number should read SA UT, SB UT, or SP UT depending on the type of transaction. An actual account number **will NOT be given** by the district from either their bank of arbitrary numbers or via the on-line registration arbitrary system. The actual numeric portion of the account number will be assigned by the Headquarters Cashier Unit.

Once the district cashier has received the CUTS tax return, they will transmit the money with the return to headquarters with the daily transmittal. A copy of the return, check and other documentation will be sent to CUTS. Once the original return has been processed through cashiers, it will be sent to CUTS for final processing. CUTS acts as the “Central Files” for these types of transactions. If a receipt needs to be written, use only the letter designations where the account number is indicated.

PENDING APPLICATIONS

295.120

In rare instances, the district administrator may withhold issuance of a permit pending receipt of the appropriate security if deemed to be in the State’s best interest. In all other cases, the permit will be issued in accordance with the provisions of Subsection 405.020.

295.135